सत्यमेव जयते

A HANDBOOK ON COTTAGE & SMALL SCALE INDUSTRIES

VOL—II

MINISTRY OF COMMUNITY DEVELOPMENT
GOVERNMENT OF INDIA

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PREFACE

In this compendium an attempt has been made to narrate briefly the development programmes of the All India Boards. No doubt pieces of detailed literature relating to their programme of activities are published and circulated by the Boards concerned from time to time. But the main intention behind this publication has been to compile the important aspects of their programme of activities, functions and pattern of financial assistance made available to State Govts., so that it may serve as a ready reckoner, so to speak, for the guidance of the field officers entrusted with industries programme relating to these boards in the community development areas.

The functions, the programme of activities and the pattern of financial assistance etc. relating to the All India Khadi & Village Industries Board (now Commission) have been narrated in Vol. I and those relating to (i) Small Scale Industries Board, (ii) The All India Handicrafts Board (iii) The Coir Board (iv) The Central Silk Board and (v) The All India Handloom Board have been dealt with in Vol. II of this booklet.

Grateful thanks of this Ministry are due to the All India Boards concerned for the valued assistance rendered by them in bringing out this publication as the materials have largely been supplied or approved by them for the purpose.

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Functions and Assistance Programme of the small Scale Industries Board

I

INTRODUCTION

Peep into any town or village in this vast country and you are sure to come across work places (hardly distinguishable from nearby residences) where utensils, pottery, tin cans, spades and ploughs, footwear, cloth or bed-steads are being made. Here and there in certain towns like Agra, Ahmedabad, Aligarh, Batala, Coimbatore, Ferozabad, Ludhiana or Meerut, you will also notice some concentration of small units producing quantities of consumer goods for present day needs or ancillaries for large industries. With the aid of machinery and even power, and intended for wider markets, they may be making bangles, hosiery, sports goods, sewing machines, cycle parts, knives and scissors, locks, electrical accessories, plastics toys, shoes, aluminium vessels, stationery, small machines and machinery parts, and so on. The bulk of these latter industries were started during the last two World Wars.

The two categories of industries mentioned above, one dispersed and the other somewhat concentrated, constitute in general the small sector of India's industry. Although this sector includes khadi, handlooms, coir, handicrafts and traditional village industries like oil ghanies, rice husking, bee keeping, khandsari, palmgur, hand-made paper etc., these are specifically excluded when we speak of small scale industries in this pamphlet. The reason for excluding them is merely because the Central Government has allotted them to the special care of different bodies.

It is the remaining small industries, in contra distinction to the larger ones, that concern this pamphlet. They range from aluminium-ware to zip fasteners and cover footwear, leather and leather products, wood work and furniture, chemicals, ceramics, glass, ferrous and non-ferrous industries, machinery, electrical appliances etc.

For working purposes the Government of India have adopted the following definition; "a small scale industrial unit is a unit with assets worth not more than Rs. 5,00,000 and employing less than 50

persons if using power, or less than 100 persons if no power is used". This definition is not rigid and is usually interpreted with a certain amount of flexibility. The main intention is that help and encouragement should not be withheld from a deserving unit even if it does not satisfy the above definition in every respect.

II

GOVERNMENT'S POLICY TOWARDS SMALL INDUSTRIES

Government's policy towards the small sector of industry is one of support to it, until it acquires sufficient vitality to stand on its own feet. The State's aim is to develop this sector through measures designed to improve its competitive strength. This is sought to be done by a constant improvement and modernisation of techniques and methods of production, business management and marketing. Provision of financial assistance from State resources or institutional credit on easy terms, of technical knowhow and of suitable working accommodation through industrial estates and rural community workshops, extension of electrification and supply of power at reasonable rates and encouragement to formation of co-operatives form the main features of Government's programme to remove the handicaps and deficiencies felt by the small producer.

III

CONSTITUTIONAL POSITION & CENTRAL GOVERNMENT'S ROLE

According to our Constitution, primary responsibility for the development of small scale industries lies with the States. The Central Government, however, has taken up the role of:—

(a) Setting up a coordinating agency and defining the broad lines of such development;

(b) providing financial assistance to schemes framed and implemented by State Governments; and

(c) providing technical services and taking up pilot projects, where necessary, for these industries.

These services are rendered through certain special organisations set up under the Central Ministry of Commerce and Industry and through a National Small Industries Corporation (with Subsidiary Corporations) set up as a commercial agency to aid the small scale sector in getting Government contracts; for supply on hire-purchase of machinery; and in receiving proper marketing intelligence.

IV

ORGANISATIONS TO AID SMALL INDUSTRY

We shall now describe the special organisations set up by the Ministry of Commerce and Industry to aid small scale industries. They are:—

(1) The Small Scale Industries Board;

(2) The Development Commissioner and Joint Development Commissioners for Small Scale Industries;

(3) Regional Small Industries Service Institutes at Bombay, Calcutta, Delhi and Madras, other similar Service Institutes in important industrial centres and a number of Extension Centres scattered all over the country; and

(4) The National Small Industries Corporation Ltd. with its Subsidiary Corporations.

1. *Small Scale Industries Board.*—This is a consultative body consisting of representatives of the Central Ministries and Planning Commission, representatives of State Governments, and representatives of the Reserve Bank of India and of large, medium and small industries. The joint Secretary of the Ministry of Commerce and Industry, Government of India is the ex-officio Chairman of the Board. The Board, which was set up in November, 1954, frames and implements programmes generally for the development of small scale industries and coordinates the activities of the organisations of the Development Commissioner (Small Scale Industries), the Small Industries Institutes, and the National Small Industries Corporation Ltd. It meets once every quarter at various places in the country.

2. *Development Commissioner (Small Scale Industries).*—The Development Commissioner (Small Scale Industries) in the Ministry of Commerce and Industry guides the Regional Service Institutes etc. in their programmes of work, maintains liaison with different Central Ministries, prepare All India Investigation Reports and statistics on small scale industries, recruits foreign experts to assist such industries, arranges for training abroad of small entrepreneurs and artisans and provides technical advice to the Ministry regarding its policy on small industries. A number of technical officers, qualified in Engineering and other technical subjects and in Economics, including foreign experts, work in this organisation.

Joint Development Commissioners (Small Scale Industries).—Four Joint Development Commissioners with regional jurisdiction,

function from Bombay, Calcutta, Madras and Delhi. Each Joint Development Commissioner acts as the Chief Representative of the Central Ministry of Commerce and Industry in his region so far as small industries are concerned. He examines the schemes of the State Governments regarding small industries in consultation with the Regional Directors of Small Industries Service Institute and his technical officers and sends up their schemes to the Central Government for sanction. He may also take the initiative in suggesting schemes to the State Governments. He is responsible for the follow up of State Government Schemes and to take such measures as are appropriate for their quick implementation. He reports every month on the progress made on State Government Scheme and disbursement of loans etc.

The Joint Development Commissioner is also the representative of the Central Government on the local Co-ordination Committee of the Pilot Projects of the State Bank of India to provide credit facilities.

In addition, the Joint Development Commissioner is the Chairmen of the Board of Directors of the Subsidiary Corporations set up by the National Small Industries Corporation Ltd.

3. *Regional Small Industries Service Institutes etc. to provide industrial extension service to the small sector.*—The Government of India set up initially four Regional Small Industries Service Institutes at Bombay, Calcutta, Delhi and Madras. The ultimate location of the Regional Institutes at Delhi and Madras will be Okhala and Madurai respectively.

The Government are opening this year five more additional institutes at Hyderabad, Ludhiana, Patna, Rajkot and Trivandrum. Branch Institutes are also planned for location at Agra, Allahabad, Bangalore, Cuttack, Hubli, Indore and Gauhati. A number of Extension Service Centres are to be set up in various parts of the country at industrial centres like Roorkee, Meerut, Jullundur, Batala, Coimbatore, Vijayawada, Dindigul, Kolhapur, Belgaum, Amraoti, Howrah, Baruipur, Purulia, Berhampur etc.

The Directors of the Regional Institutes control all the Institutes, Branch Institutes and Extension Centres in their regions. The smaller Institutes will each be under a Director while the Branch Institutes will be under a Deputy Director. The Extension Centres will each be under a Deputy or Assistant Director.

All the Institutes, Extension Centres etc., are staffed with technical officers with engineering qualifications. In addition there are

at each Regional Institute teams of Officers for conducting investigations and surveys.

At each of these centres model workshops with modern machinery and equipment are being set up. There are also workshops on wheels to go round and demonstrate use of modren machinery, particularly in basic trades like carpentry and blacksmithy, to small producers. It is proposed to increase the number of such mobile workshop trucks from 8 to 45 this year, the Regional Institutes having three trucks each, while the Branches and Extension Centres will have one or two each.

The main function of these Institutes, Branches and Extension Centres are to act as free consulting engineers to the small producer. Seldom does a small unit get advice from any qualified engineer on production methods on mechanical designs. The Institutes etc. set up by the Central Government educate the small industrialists on modern methods of production, equipment, machines and tools, techniques, designs, quality control, proper business management and on how to get financial and other help from Government or other institutional sources. The officers of the Institutes and Extension Centres do not merely wait to be consulted, but they frequently tour the regions, contact the small producer at his workshop and provide on-the-spot assistance in solving his problems through guidance, advice and demostrations.

The Institutes etc. maintain close touch with the Directorates of Industries in their Regions and also with the Central Government through the Joint Development Commissioners and the Development Commissioner for Small Scale Industries.

Each Regional Institute has an Advisory Board consisting of representatives of small and large industries to advise on the programmes to be followed and on local problems.

4. *The National Small Industries Corporation Ltd. and Subsidiary Corporations.*—The National Small Industries Corporation Ltd., is a commercial agency floated by the Government of India with a capital of Rs. 20,00,000. It is managed by a Board consisting of five Central Government Officials.

It is proposed to have four subsidiary Corporations attached to the main body and functioning from regional centres *viz.* Bombay, Calcutta, Delhi and Madras. The Joint Development Commissioners, as has already been stated, will be the Chairman of these Subsidiary bodies.

through State Finance Corporations, Industrial Cooperatives Bank or other banking institutions. Steps have been taken to increase the staff dealing with this loan scheme and for other administrative measures so as to ensure quicker disposal of loan applications.

The liberalised terms of these loans are detailed below:—

(i) Loans will be given both for capital expenditure as well as working capital. No loan, however, will exceed Rs. 1,00,000 to any single party except with the Central Governments' concurrence.

(ii) The rate of interest for these loans will be 3 per cent for individual entrepreneurs and 2½ per cent for industrial co-operatives of actual workers with a limit of Rs. 50,000 to any single party.

(iii) Loans will be given up to 75 per cent of the value of security which may include land, building, equipment, stock in trade and other assets created out of the loans.

(iv) Loans may be given to individual small industrialists up to Rs. 1,000 on a personal bond.

(v) Loans up to Rs. 5,000 may be given on security only of one or more personal sureties.

It has been suggested by the Centre to the States that in order to quicken the procedure for grant of loans, State Industries Department, District Industries Officers and others of equivalent status should be delegated powers to sanction loans upto an amount of Rs. 2,000/-. In addition, the Central Government has also come forward to bear 50 per cent of the salaries of additional staff required by these States for putting through their loan schemes (*e.g.* special investigations, staff, cost-accountants, legal officers etc.)

The question of utilising the services of banks and other financial institutions in providing credit to small industries, has also been taken up by the Central Government. At its suggestion, the State Bank of India is launching three pilot projects in its Bombay, Bengal and Madras circles to examine and decide how the provision of funds to small industries by banking institutions (*viz*. the State Bank of India, the State Finance Corporations, Co-operative Banks, Commercial Banks) and the Government can be most effectively co-ordinated and canalised.

At present the State Bank's Pilot Scheme is confined to Bombay, Kolhapur and Surat in the Bombay Circle, Madras, Coimbatore and Vijayawada in the Madras Circle, and Delhi, Agra and Ludhiana in

the Bengal Circle. Under the scheme a small industrialist may apply to the State Bank of India for all his credit requirements, whether short, medium or long term. If the applicant is a co-operative organisation, the application should be made through the Co-operative Bank with which it is associated.

The Agent of the State Bank at the above nine places, or the Co-operative Bank concerned, will furnish full details of the credit scheme and also give necessary guidance in completing the application form. Such applications for credit will be considered by the State Government, the Co-operative Bank, the State Finance Corporation and the State Director of Industries in mutual consultation, and assistance will be granted by the appropriate agencies or by the Government solely or in collaboration with others.

The Pilot Scheme will operate in addition to the present arrangements for obtaining credit (for example, loans under State Aid to Industries Act etc.)

If the small producer wants financial aid from Government sources he has to apply to the State Director of Industries for such aid. Advice and information on the procedure etc. will, however, be given to him by the officers of the Regional or local Institutes and Extension Centres set up by the Government of India.

VI

INDUSTRIAL EXTENSION SERVICE

What is the aid that a small industrialist can get from the various Service Institutes, their Branches and Extension Centres?

In most industrially well-developed countries there exist many kinds of Business Consulting Houses which furnish technical and business advice to industrial units. Such houses exist also in India but are mainly concerned with large industrial establishments which can afford to pay for the services they render. Small industrial units, on the other hand, do not have the necessary resources to obtain such services. The purpose of the Institutes, their Branches and Extension Centres set up by the Government of India is to furnish small producers this technical service and advice, completely free of charge.

The Institutes answer and advise on all enquiries from small units regarding technical processes and use of improved types of machines and equipment and tools. They supply the necessary designs, drawings, blue-prints etc. and their officers guide the small

producer to set up and work modern machinery or to change the design and improve on the existing machinery or processes. They similarly advise on the use of raw-materials for particular type of industry. If necessary, they carry out tests either themselves or through other institutions like the National Laboratories to find out the suitability of such raw-materials. The Institutes constantly endeavour to disseminate information on better methods of manufacture and economies of production which bring down the cost and improve the quality of products.

In short, the Institutes provide a completely free Industrial Extension Service *i.e.* free industrial education of the small producer in improved modern methods, techniques etc.

What do the small industries gain by such technical advice and information?

The following are pointers:

One of the Regional Service Institutes tackled the uneconomic production of the Foundry Industry. By introducing modern type cupolas, hand moulding machines etc., it has brought about a saving of 25 per cent in fuel and improvement in the melting cost and in the quality of metal castings.

Training given in heat-treatment and demonstrations in hardening and tempering have led to substantial improvement in the quality of many an engineering products, like cycles and sewing machines.

Similarly, introduction of mechnisation and use of modern equipment has resulted in about 30 per cent reduction in the cost of refining saltpetre.

The Institutes etc. give information and advice on improvement of quality and specifications of standards and encourage adherence to quality Marking Schemes where they exist *e.g.*, the U.P. Quality Marking Schemes for Locks, etc. Where there have been no standards set up yet, the Industries take up the initiative and bring about the drawing up of proper standards by the Indian Standards Institution.

The Institutes give information and advice on starting of new industries or on switching over to alternative products. For example, a man intending to invest his money in a small enterprise may not know the conditions of the existing market, raw material supply position or the prospective demands for a product. He will get right advice from the Institute in regard to choice of the industry, lay-out

for his factory, specifications of machinery and equipment he needs, technical information or production methods, and the channels to market his products. Another entrepreneur may be thinking of giving up production of a particular consumer article. He may be advised on the best use of his machinery and equipment in switching over to an ancillary needed by a large scale factory. A third may be contemplating to start a new line of manufacture. The institutes may dissuade him from starting that new line because of shrinking markets or unsuitability of equipment and advise him on the best use of his machinery, and so on.

The Institutes provide other types of advice and information also, *e.g.* in regard to business management, proper maintenance of accounts, cost accounting, information on sources of supply of raw materials transport, excise duties, import and export restrictions, transport facilities etc. It is not possible to give a list of all such items. It will be sufficient to say that every enquiry of a small industrialist will be attended to by the officers of the Institutes who will collect the information from various sources and pass them on to the enquirers.

Demonstration through Model Workshops and Mobile Workshops.—Each Institute, Branch Institute and Extension Centre will ultimately have some model workshops attached to them. At the Regional Institutes priority has been given to setting up of model workshops in Carpentry and Blacksmithy. It is also in the Government's plan to set up this year model workshops at other places, particularly in Community Project Areas. It is proposed to give training and demonstrations to artisans and others at all these Model Workshops.

Fortyfive mobile vans housing modern machinery in Carpentry, Blacksmithy, Sheet-metal work, footwear manufacture, etc. are also operated by the Institutes, their Branches and Extension Centres to go round villages and small towns in Community Project Areas and provide demonstrations and training. Arrangements are also made to provide to interested persons application forms and information on procedure etc. for obtaining similar machinery under a hire-purchase scheme operated by the Corporation. So far, the Mobile trucks of the four Regional Service Institutes have toured several Community Project Areas and given demonstrations and training to thousands of artisans and others.

The function of the Institutes etc. is not confined merely to supply answers on request. Their officers constantly tour their areas,

visit small units, talk to the small producer or the artisan, discover his problems such as defects in machinery or processes, advise him to solve such problems and thus carry the industrial extension service to the very door of the small producer.

Foreign experts are obtained under various schemes to help small industries like footwear, shoe-lasts, locks, glass, electroplating and galvanizing, survey and drawing instruments, surgical instruments, machinery designing, etc. They tour round the country visiting important industrial centres and draw up reports detailing specific schemes to improve the industries. Some of them have stayed for substantial periods at certain centres to set up and work specific projects. For example, the footwear expert was stationed in Agra for more than a year to set up and work a Pilot Project where new small machines and tools, new processes, new designs, etc. for footwear have been introduced and demonstrated.

The lock expert studied the Aligarh Lock Industry and made recommendations to improve it. He is now working at Madras on a scheme to get up a Lock Centre at Dindigul.

The Expert on Surgical Instruments is at present working in Bombay.

The services of these foreign experts form part of the extension services provided by the Institutes. There are plans to secure about 30 foreign experts this year for service under various schemes to aid small industry. Other ways in which the education of the small producer is carried on by the Institutes etc. are through model schemes, pamphlets, bulletins and other technical literature, organising of libraries containing technical journals and catalogues and museums exhibiting quality products of small industries, film shows etc.

Thus, to recapitulate briefly, the small industrialist can look to the Institutes etc. for provision of:—

(1) Technical advice and instruction on the processes of manufacture particularly on modern up-to-date methods of production;

(2) Demonstration and training on improved machines and equipment;

(3) Aid in obtaining such equipment through a hire-purchase system; and

(4) Information on marketing and business problems.

VII

TRAINING OF ARTISANS

Besides the training of artisans and others at the Model Workshops and Mobile Workshops, there are also other programmes of training provided by the Institutes. One of these is the training of workers in blue-print reading.

In the Industrially advanced countries blue-print reading is a part of the vocational training almost of every artisan and worker. As a worker enters the factory he is given the blue-prints from which he learns the exact nature of the job that he is to do. This system results in considerable economy and efficiency. In India, however, especially in the small sector, the worker does not know how to read blue-prints and has to be told orally everything about his job.

To remedy this state of affairs and bring about greater efficiency, a scheme has been started for training artisans and workers in blue-print reading. An easy course of evening classes was conducted for this purpose in the Bombay Regional Institute. Arrangements for opening of similar courses have been made at Ludhiana and the provision of this training is to be extended so as to cover 20 centres.

The Institutes are also arranging to conduct evening classes etc. for training workers and artisans in heat treatment and other technical subjects. Some of these courses are already under way.

There are plans to open classes or arrange otherwise for training small entrepreneurs in cost-accounting and business management. Instruction in industrial designing also will become available soon. The Government have sanctioned seven industrial designers in furniture, domestic hardware, cutlery, glassware, domestic electrical appliances etc. Foreign technical experts are being arranged to help the scheme initially.

The Central Training Institutes are shortly to be established at Madras and Agra for giving technological training in modern methods of footwear production. The Institutes will train instructors, foremen and shoemakers. They will also have an applied research section and an extension service section. There are in addition to the many Institutions—both Central and State—that already exist. The Central Ministries of Education and Labour are running a number of Institutions which provide various kinds of technological training at all levels. The Government of India are arranging now to bring about a coordination of the efforts of all

such institutions so that the existing facilities may be made available to the small industrialist and to artisan as well. There are also a number of State Institutions, both old and new, to provide training in various trades and techniques. The Pilot Project at Agra for footwear is one of the new ventures which also provides training to workers and supervisors. The lock centre to be opened shortly at Dindigul in Madras is another of this new type.

There are also proposals to send teams of small industrialists and artisans abroad for practical training. While arrangements for such training in different lines of production are made by the Central Government in consultation with India embassies abroad, applications in this regard are processed by State Directors of Industries to whom all enquiries on this subject should be addressed.

VIII

HOW TO GET MODERN MACHINES AND TOOLS

The small industrialist might think of obtaining modern machinery equipment, tools etc., similar to the ones he sees at the model workshops or the mobile workshops run by the Institutes and Extention Centres. Of the might be wanting some other kind of equipment or machinery which he needs. Do the Institutes or any other agency set up by the Government of India help him to obtain such equipment or machinery?

A scheme sponsored by the National Small Industries Corporation and its subsidiary Corporations is aimed at specifically providing the small producer facilities for hire-purchase of machinery. This scheme is based on the fact that the small producer usually does not have enough money to invest in costly capital assets.

The officers of Institutes, will not only provide the small producer, details, specifications etc., of the machinery but also show him the way to obtain hire-purchase facilities from the Corporation.

The Corporation supplies application forms for such facilities through the Institutes etc. and through the State Directors of Industries. The application forms are also available in the mobile demonstration vans. Officers in-charge of the vans will explain the correct procedure to the small producer and the artisans. The small producer who intends to avail himself of this facility has to send his application through the Director of the Institute or the State Director of Industries with a 10 per cent advance if the machine

ordered is a general purpose machine and a 20 per cent advance if it is a special purpose one, when the application is supported by the Director, the Corporation orders the machine and delivers it to the small producer. On delivery another 10 per cent or 20 per cent of the cost of the machine (according as it is a general purpose or a special purpose machine) are to be paid by the indentor. The balance of the price of the machine can be paid in easy instalments to the Corporation. The interest charged by the Corporation is 4½ per cent. for machines costing up to Rs. 15,000. This rate is reduced to 3½ per cent in the case of industrial cooperatives ordering a machine.

IX

PROVISION OF SUITABLE WORKING SPACE IN LARGE AND SMALL INDUSTRIAL ESTATES, WORKSHEDS ETC

Next only to his anxiety to find sources for his fixed and working capital is the small producer's worry in finding suitable space for starting his workshop. In the first place he would find it almost impossible to buy a suitable site and build his own workshop unless he arranges for the necessary finance. Then he would have to face a number of difficulties in choosing a site with facilities for transport and communications, in getting his plans for the buildings approved by the authorities, in securing water and power connections and so on.

With all these difficulties before him the small producer is often forced to start his workshop in already congested urban localities, perhaps in a residential building situated in slums or outside the Municipal Area, in unhygienic surroundings. This kind of haphazard growth of small industries soon becomes a problem to municipal bodies, health authorities and planners.

In order to avoid the emergence of slums and increased incidence of ill-health and to provide well-planned facilities to the dispersed small industry, the Government of India have decided to start a number of Industrial Estates initially in large and medium sized towns. Land for Industrial Estate is acquired by the Government and developed, roads laid and factory buildings, scientifically planned to suit different sizes and needs, put up. Arrangements are made to supply electricity and water and for conservancy and drainage. Common facility workshops such as for heat treatment, metal-testing etc., which cannot be afforded by every small unit may also be set up by the Estate. There may be provision for having a Post Office, a Bank, recreational facilities etc. inside the Estate itself. The Estate may also have houses for the workers

engaged. In choosing the site for the Estate consideration is paid to nearness to Railway Station, road communications, accessibility of raw materials and principal markets for the articles produced by the units.

The factory buildings in the Estate are let out on rent, or given on hire purchase terms or sold outright as the occupant wishes. The management of the Estate vests in the initial stages in the State Government. It is likely to be handed over to an autonomous corporation later on.

To the small producer the Industrial Estate gives a ready built suitable factory space with water & power, connections and common facility services, on a modest rental. He can get financial help from Government or Institutional sources as described in an earlier section. He can get hire purchase facilities for acquiring modern machines and equipment through the scheme sponsored by the National Small Industries Corporation and its subsidiary bodies. He can get in addition the Industrial Extension Service, which the Institutes, their Branches and their Extension Centres are giving to the small industries free of cost. He can start production straight-away and be free from most of the severe handicaps that small industry suffers from.

The Government of India has sanctioned the building of 11 Industrial Estates during 1956-57 and has earmarked nearly Rs. 10 crores for building such Estates in the Second Plan Period. The entire cost of Industrial Estates is advanced by the Central Government as long term loan to State Governments to be paid in easy instalments. In addition the Centre gives grants for certain administrative expenses of the Industrial Estates during the initial stages.

More Industrial Estates in other areas are also under plan. The Ministry of Commerce and Industry have sanctioned 9 Small Industrial Estates for 9 Pilot Projects of industries in the Community Project Areas. Besides, the Ministry has approved of a scheme in conjunction with the Ministry of Community Development for the location of 20 Smaller Industrial Estates costing Rs. 2 to 3 lakhs each at Headquarters of the C. D. Blocks.

When all these Estates, both large and small, go up, the small dispersed industry in the country will have been considerably helped to stand on its own feet.

X

ASSISTANCE IN SUPPLY OF POWER AND RAW MATERIALS

Availability of power to small industrial units is indispensable to their proper development. In fact, the only hope of modernising

and building a structure of small industries on sound basis is through extension of power and use of power-driven small machines. Due emphasis has been placed both in the First and the Second Five Year Plan on extension of electrification to rural areas and many projects have gone up or are about to be completed for increasing the supply of electricity.

It is true that until recently the small entrepreneur has been experiencing difficulties both in regard to power connection as well as the quantum of electricity allowed to him. The Small Scale Industries Board and the Government of India have impressed upon the State authorities the need to facilitate the supply of power to the small entrepreneur. The Directors and Officers of the Institutes, their Branches and Extension Centres will use their good offices in helping small units to contact proper authorities for obtaining electric supply.

Somthing has also been done to remove the disparity in electric supply tariff rates, which has been operating to the disadvantage of the small sector in comparison with the larger sector. The Small Scale Industries Board and the Central Government have asked all State Governments to re-adjust their Tariff Schedules to make about Rs. 0-1-6 per unit, the rate for small enterprises. Alternatively the State Governments were requested to consider, if necessary, subsidising consumption of power by small units as was already being done in the former State of Saurashtra. The Central Government would be prepared to share half of the cost of any such subsidy with the State Governments.

Supply of Iron and Steel.—Short supply of certain raw materials like iron and steel is a serious problem to the small producer. A number of light engineering industries for instance, cannot flourish without adequate supply of iron and steel which are rather scarce in the country. The Government of India have increased recently by more than three times the quota of iron and steel allotted to small industries. In order to secure supplies expeditiously, cooperative societies and associations of small industrial units are being registered as controlled stock holders.

XI

PROVISION OF COMMON FACILITY SERVICES THROUGH STATE PROJECTS AND CO-OPERATIVES

Small industrialists need a number of common facility services for increasing their efficiency and for economic working. For example raw materials needed by a number of units can be bought through a co-operative society of their own, and can be stocked in

proper godowns. Similarly a co-operative society of the units may be formed to market the goods produced. Servicing centres such as for wood seasoning, heat treatment, quality testing etc. can also be set up co-operatively for a group of industries. Such facilities cannot be afforded separately by each and every unit. Industrial Estates which are being built plan to have such common facility services for the groups of industries housed therein. Other similar centres are to be set up initially by State Governments at appropriate places and to be run departmentally until the time is ripe for them to be handed over to co-operatives. The Central Government contributes liberally towards the establishment of these centres and gives special incentives to co-operatives in the way of financial assistance and reduced rates of interests. For common facility service centres, whether for supply of raw materials, for common processing or for providing marketing facilities, the Government of India contribute 75 per cent of the entire expenditure (capital expenditure plus working capital) as a loan. In those cases where no profit is made in the initial stages the loan is free of interest for 5 years; the loss on interest and depreciation is shared by the Centre and the States.

XII

ORGANISATIONS OR CO-OPERATIVES AND TRADE ASSOCIATIONS

The emphasis of the Central Government in the organisation of small scale industries is on co-operation. The advantages on which small decentralised units can obtain by coming together are obvious. In fact, if co-operation gains a strong foot-hold among small industrialists, all their problems including credit and finance will be solved easily. Particularly in regard to procurement of raw materials, marketing and common processing, co-operatives can render a valuable service to the small industrialists. There is also great scope for formation of industrial co-operatives by artisans and workers themselves.

The organisation of co-operatives is, however, the responsibility of those who are to be served. Until the small industrialists themselves feel the need and realise that it is in their own interests to co-operate, the State can only promote co-operation through incentives and education.

As regards Industrial Co-operatives of workers engaged in similar services the Government of India contributes 75 per cent of the share capital and 75 per cent of all other expenditure as a

loan at concessional rate of 2½ per cent. The Centre also gives a grant of 50 per cent of the recurring expenditure on the supervisory staff.

Government's policy is also to encourage other forms of organisations of small industries such as trade associations etc. Small industrialists and artisans can make their voice heard and get their needs better attended to if they join together for various purposes.

In forming both co-operatives and trade associations, the Central Government agencies for small industries will render every possible assistance by way of advice, information, guidance etc.

XIII

ASSISTANCE IN MARKETING

(a) *How to get Government Stores Purchase contracts ?* It is fairly well known that Government is the largest buyer of various consumer goods. Many small producers would welcome an opportunity to sell their products to Government departments or to undertake production of specific items for Government supply.

Government stores are generally bought in bulk through tenders in a competitive market. How can a small industrialist compete with better organised producers, some of whom may be operating on a large scale with huge resources at their back?

One of the main functions of the National Small Industries Corporation and its subsidiary Corporations is to help the small industrialists to get contracts for supply of Government stores. How they do this, is described in brief below.

A list of items which small industries could produce for supply to Government has been drawn up. A certain number of these items are offered to the Corporation for manufacture by small industrial units. This is done in consultation with the Central Purchase Advisory Committee to the Government of which the Development Commissioner for Small Scale Industries is a member. The Corporation has on the one hand, established liaison with Government Purchasing Departments and authorities like the Directorate-General of Supplies and Disposals, Defence, Railways, Posts and Telegraphs etc. On the other hand, it has also, with the help of the Institutes, collected a list of small industrial units capable of producing stores needed by Government Departments.

The Corporation negotiates with the Purchasing Departments and takes a bulk contract itself and sub-contracts it with small units

or associations of small units. Or it helps a small unit or an association of small units to get a contract directly from the Government.

The Government are now considering proposals for procedural and other changes in purchase of items from small scale manufacturers so as to give further encouragement to them. These involve reservation of certain groups of indents entirely to the small scale sector, partial reservation of certain indents with limited price differentials in favour of the small sector and the insertion of a compulsory clause in contracts with large scale supplies that they would sub-contract with small manufacturers. When these changes are made, it is expected that more Central Government purchases will be made through the National Small Industries Corporation or directly from the Small Scale Sector. Similar changes in purchasing procedure and policy may be adopted by State Governments also.

The Central Government have agreed recently to loan Rs. 15,00,000 to the National Small Industries Corporation for developing its Contract activities and for purchasing and stocking iron and steel to enable small industries to fulfil specific contracts.

(b) *How to get orders for supply to State-owned and privately-owned large scale establishments?*—Small scale industries in this country are engaged in a large variety of trades. While many units produce different consumer goods for the general public, a number of others can and do fabricate components and parts required by large industries. In fact, it is more economical for large industries to let small industries supply needed anciliary products rather than take up such manufacture themselves. The fostering of the interdependence of small and large industries is conducive to a balanced development of industry as a whole and leads to healthy decentralisation.

As has been stated earlier, Government's programme for small scale industries includes also their development as ancillaries to large scale industries in manufacturing components and parts needed by the latter. The fulfilling of this part of the programme is essential for the integral development of the national industry as a whole.

As a first step in this programme *ad hoc* committees were set up at the three Regional Institutes in Calcutta, Bombay and Madras. Officers of the Institutes contacted large scale establishments in their regions, both State-owned and privately-owned. Among the former were railways, State electrical undertakings and other undertakings like the Indian Telephone Industry, Bangalore, the National

Instruments Factory, Calcutta, Ordnance factories etc. Among the latter were a number of factories and associations like Indian Jute Mill-Owners Association. Lists of items required by such large establishments were drawn up with specifications, drawings etc. and samples procured wherever necessary. Small units in the area were also contacted and their capacities carefully assessed. Orders were then secured from large scale establishments and contracts arranged between small units and the large establishments.

The officers of the Institutes give all the technical help and guidance needed by the small units. The National Small Industries Corporation arranges for the finance and other necessary help for fulfilling specific contracts.

The main brunt of this work will now be taken over by the Subsidiary Corporations which are being established at Bombay, Calcutta, Delhi and Madras. Any small unit interested in securing orders and contracts for ancillaries to be manufactured for large establishments has to contact the officers of the Institutes, their Branches or Extension Centres who will give them necessary help and put them in touch with interested parties.

(c) *Marketing assistance through whole-sale and retail depots, mobile vans etc. of the National Small Industries Corporation and its Subsidiary Corporations.*—The National Small Industries Corporation and its subsidiary Corporations provide marketing assistance to small industries by operating experimental mobile sales vans, by opening wholesale and retail sales depots, and by instituting quality marking schemes or linking up such schemes where they exist. The object of these operations is mainly to assess the consumer demand for the benefit of small manufacturers and to provide an incentive to production of standard quality goods. It is realised that no Government or semi-Government organisation can be expected to cover all marketing or even marketing over a wide range on behalf of small industries.

The National Small Industries Corporation is at present running three mobile sales vans in the Northern Region. These vans are designed by an expert and display a wide range of articles for consumption by public. Most of the articles are quality marked or carry the label of the Corporation. The vans also transport supplies to retail shops.

The Corporation has established wholesale depots for quality marked locks at Aligarh and for pottery in Khurja. Wholesale depots are shortly to be opened in Agra for shoes and in Howrab for hosiery.

It is now proposed to open similar wholesale depots for four or five selected industries in each region under the auspices of the Subsidiary Corporations. Quality marking schemes, standard specifications and inspecting staff will be attached to each wholesale depot. Wherever possible, sales from the wholesale depots will be made through selling agents and existing retailers. The price and quality will be marked on each article.

Wherever found necessary, retail stores are also to be opened by the Corporation and its Subsidiary Corporations. The retail emporia, depots etc. may be combined where possible with the Handloom Sales Organisation.

As in the Northern Region three mobile marketing vans are to be run in each of the other regions also.

Through these operations the Corporation will be able to obtain adequate marketing intelligence which will be supplied to small industries through pamphlets, publications and other media.

The Central Government has made a provision of Rs. 15,00,000 for this year for these marketing operations of the Corporation and its subsidiary bodies.

XIV

SURVEY AND INVESTIGATIONS—PLANNING OF FURTHER ASSISTANCE

Both the Development Commissioner's organisation and the Regional Institutes have a number of officers qualified for conducting investigations in the existing types of small industries and on the possibility of starting new ones. These surveys and investigations are undertaken for the purpose of determining what types of industries should be taken up for development and what methods should be adopted for such development. The Central Investigation Team in the Development Commissioner's Office worked for a time under the guidance of a Foreign Expert. This team investigated into sports goods, sewing machines and parts, bicycle and parts and leather footwear industries in the Northern Region and prepared four reports. In addition, it also made an investigation of the automobile battery industry in India and drew up a report.

Trained and organised in the same way as the Central Team, four investigation teams have for some time been engaged under the auspices of the Institutes for investigation of a number of industries. It is now proposed to increase the investigation teams at the four Regional Institutes from 4 to 16. 10 teams of a smaller size have also been found to conduct a survey of Community Project Pilot Areas.

All India reports on each industry will be drawn up by the Central Investigation Team.

The final recommendations of the Investigation Reports are discussed with industrial representatives as well as the concerned Government authorities, both Central and State. Specific action for assistance and development of each industry is then taken by the authorities concerned.

XV

OTHER ASSISTANCE

It will be seen from the foregoing paragraphs that, besides giving demonstrations in the use of improved technical processes and machines through model workshops and mobile workshops and on the spot advice and demonstrations on correct techniques, elimination of defects etc. the Institutes, their Branches and the Extension Centres advise on all enquiries from small units on—

(1) technical processes and use of improved types of machines and equipment;

(2) use of raw materials for particular types of industries including tests, where necessary, to find out the suitability of such raw materials;

(3) use of better methods of manufacture;

(4) economies of production;

(5) improvement of quality; and

(6) proper business management.

The National Small Industries Corporation and its subsidiary Corporations will supply up-to-date machinery and equipment to small industrialists on a hire-purchase system, help small units to procure contracts for Government stores purchase and for supply of ancillaries to large establishments, both State owned and privately owned, and provide a marketing service for the products of small industries.

Matters regarding all other assistance are dealt with directly by the State Directorates of Industries. For example all assistance on the starting of new types of industries or of new units and their location, financial help to them, supply of power, water etc. is the concern of the State Directorates of Industries. Similarly, the organisation of industrial units into co-operatives or other forms of associations is a matter handled by the State Departments of Industries. So also are financial assistance in all forms (loans for purchase of equipment or working capital, grants or subsidies),

supply of power and water, supply of raw materials, assistance in transport requirements of land, allotment of plots or factory buildings in industrial estates, essentiality certificates for imports etc. All enquiries for assistance in these matters and for information thereof should be addressed to the State Directors of Industries

VII

PATTERN OF FINANCIAL ASSISTANCE

A copy of a circular of the Ministry of Commerce & Industry indicating the procedure for sanctioning schemes for small scale industry and the pattern of financial assistance available for development of such industries is appended as per Annexure 'A'. It will appear therefrom that the financial assistance is available for schemes of the following types:—

1. Establishment of Industrial Estates.
2. Block loans for disbursement under State Aid to Industries Act.
3. Service Schemes.
4. Commercial Schemes.
5. Industrial Co-operatives.
6. Common Service Facility Schemes.

VIII

TYPES OF INDUSTRIES

A tentative list of suitable small scale industries and various types of ancillary industries to large scale sector which can be taken up for development on small scale basis is enclosd as per Annexure "C" for guidance in the matter of selection of industries.

IX

CO-ORDINATION WITH THE COMMUNITY PROJECTS ADMINISTRATION

The Community Project Areas are specially suited as focal points for the Development Programme of Small Industries. Such a programme cannot be divorced from general Development Plans for the whole community. In areas which are taken up for development already as Community Projects, progress has already been achieved in many fields such as improved agriculture; improved communications and road; improved sanitary and health conditions; better educational facilities, etc. A higher standard of living naturally

creates additional demand for consumer goods, and in its turn increased industrial production contributes to this cycle.

In co-ordinating Small Industries Programme with the Community Projects Administration, action has been taken so far on the following lines:—

(i) 26 Community Project Areas were selected as Pilot areas and a Special Industries Officer appointed for each. Block Extension Officers for Industries were also appointed for these areas.

(ii) Through the Central Government Regional Organisations and in co-operation with the State Government, particular attention was paid to starting Small Scale Industries schemes in selected Pilot Project areas.

(iii) A Training Programme has been started in the Regional Institutes for these Industries Officers. A special Deputy Director with necessary instructional staff is incharge of these Training Classes. The duration of the training is for four months. These candidates undergo a further period of training for 8 months in the Khadi Gramodyog Mahavidyalays started by the All India Khadi and Village Industries Board for the purpose.

The Central Government is meeting 50 per cent of the cost of salaries of the Block Extension Industries Officers. The Joint Development Commissioners, Small Scale Industries, have been appointed as C & I Ministry's representatives on the State Action Committees with a view to effecting necessary co-ordination.

9 Small Industrial Estates have been sanctioned for location in the pilot projects of industries. Work for their establishment is proceeding. In addition, to these estates, another 20 Small Industrial Estates costing about Rs. 2 to 3 lakhs each, are proposed to be located in the C.D. blocks. Such Small Industrial Estates will be located in the Headquarters of the C.D. Blocks, where power and other facilities are available. Though the procedure has not yet been finalised, it would be more or less on the following lines:—

The Action Committee in each State in consultation with the State Directors of Industries and Joint Development Commissioners, Small Scale Indsturies, would select in order of priority 'suitable places' (where such Industrial Estates can be established from the overall list which would be supplied by the Ministry of Community Development.)

Wherever required the staff in the Regional Institutes of this Ministry should prepare the layout plans, designs for workshops and the estimates for the Small Industrial Estate. There is already in each Regional Institute an Officer of the status of an Executive Engineer of the P.W.D. and in some cases also an Assistant Engineer. This staff would be strengthened where required.

The designs and estimates which are prepared by the State Governments or by our Regional Institutes would then be forwarded by the State Government to this Ministry for sanction through the Joint Development Commissioner of the Region.

After sanction, in order to expedite the implementation of the Scheme, the Engineering staff of the Regional Institutes would be prepared where required by the State Government to supervise the actual construction work.

(The sanction of 20 Smaller Industrial Estates and earmarking of expenditure in the C.D. areas out of the provisionally allocated funds for Small Scale Industries in different States for 1957-58 as communicated by the Ministry of Commerce and Industry, have been indicated in Annexures 'D' and 'E'.)

ANNEXURE A

Part I

Note on the procedure for sanctioning schemes for Small Scale Industries.

(1) The Ministry of Commerce and Industry will communicate by the end of November every year the tentative contribution by the Central Government to each State Government for their Small Industries Schemes.

(2) The existing procedure will be followed of advancing 50 per cent of the sanctioned expenditure in the first place and the remain der according to the progress of expenditure in the States.

(3) The schemes of State Governments would however be approved in their entirety. Once the schemes are approved and sanctioned by the Central Government, the State Government has discretion to spend more on particular schemes as they consider fit, out of the allotment of 50 per cent that is made. The distinction between grants and loans should however be observed. Within loans also such appropriation would be allowed only between loans wherein the same conditions, terms of interest etc. apply.

(4) For the year 1955-56, the Ministry has already communicated in their letter dated the 20th February, 1956 the Central Government's contribution to each State Government. This will fall within the 50 per cent that will be initially advanced. It would not, however, act as a bar to the schemes being approved in their entirety. If the State Government spends the entire 50 per cent within six months, the Ministry of Commerce & Industry will consider advancing further funds or, if this not possible within the budget year, provision for such expenditure as would be made in the succeeding budget year.

(5) In order to expedite approval and sanction of the schemes, the following schedule will be adopted:—

(a) The Ministry of Commerce & Industry have appointed four Joint Development Commissioners for Small Scale Industries with regional jurisdiction and these officers are expected to take up their position shortly.

(b) The Joint Development Commissioner, the Director of Industries of the State Government concerned and the Regional Director of the Small Industries Service Institute would constitute a Small Committee to scrutinise all schemes.

(c) The programme of Schemes for the ensuing budget year will be informally scrutinised and recommended by this Committee before the end of December of the previous year.

(d) The State Director of Industries will then lay his schemes before his Government and his Finance Department informing them at the same time that these schemes have been recommended by this Committee.

(e) After the schemes have been approved by the State Government they would be formally laid before the Committee and submitted to the Ministry of Commerce and Industry for issue of sanction orders. This should be done by the end of February.

(f) The Ministry of Commerce and Industry would endeavour to issue sanction orders within one month of the receipt of the schemes.

(g) Once a scheme has been recommended by the Committee it will, in all probability, be sanctioned by the Ministry, and marginal cases will be very few. Once, therefore, the scheme has been finalised by the Committee, the State Government can take the initial steps necessary for implementing the scheme.

(h) There would be other schemes of State Governments arising throughout the year. The same procedure would be followed as and when such schemes are proposed by State Governments.

(i) The pattern of financial assistance for State Governments' schemes has now been finalised and is set out in the Annexure. Within the allotment made to each State as the Central Government's Contribution, the State Government can draw up such schemes as they consider fit which would fit into this pattern of financial assistance.

(j) In the case of Industrial Estates, the sanction of the Commerce and Industry Ministry should be awaited before any steps are taken to implement the scheme. The procedure for discussion and recommendation by the Committee would, however, be followed in the case of Industrial Estates also, before they are submitted to the Ministry of Commerce and Industry.

(k) For the year 1956-57, until such time as the Joint Development Commissioners take up their position, the existing procedure will be followed.

ANNEXURE A

PART II

Pattern of financial assistance to State Governments for Schemes for the development of Small Scale Industries

Category of scheme	Pattern of assistance given by the Centre		Remarks
	Grant	Loan	
1. Establishment of Industrial Estates.	Preliminary cost of preparing blue-prints, estimates etc. would be given as a grant.	The entire cost of the Estate given as a long-term loan. The cost of land and buildings given as loan for a period of 20 years and the rest of expenditure, *i.e.* for lay-out, roads, power transmission, water-supply given as loan for 30 years. Loans carry an interest of $4\frac{1}{2}$%.	
2. Block loans for disbursement under State Aid to Industries Act.	If the loans given to State Governments are canalised through the State Finance Corporations and or District Industrial/Co-operative Banks, these agencies will be reimbursed administrative charges to the extent of 2% of the total amount disbursed by them. The amounts to be given to these agencies for this purpose would be shared 50:50 by the Government of India upto a maximum of 1% as far as the Government of India are concerned with the State Government concerned.	Loans sanctioned normally in the Ratio of 2:1 of the amounts provided by the State Government from their own resources. Loans repayable in a period of ten years and carry an interest of 4%.	
		As the State Governments have been requested to Charge inte-	

6 C D

		rest only at 3% ($2\frac{1}{2}$% for industrial co-operatives) the difference between this and the normal rate would be made good as a direct subsidy to State Governments from the Centre.	
3. "Service" Schemes.	(i) 50% of the cost of land and building. (ii) 75% of non-recurring expenditure on machinery and equipment. (iii) 50% of the recurring expenditure for the first year. (iv) (Recurring expenditure for the first 3 years as grant has been sanctioned on schemes from 1956-57 on wards and subject to such review as would be undertaken after the Finance Commission recommendations are received.)	100% of the Working Capital.	
4. Commercial Schemes.		75% of the total expenditure.	The State Governments are required to relend the loans to the Industrial Co-operatives at $2\frac{1}{2}$% per annum. The difference between the rate of interest at which the loans are sanctioned to State Governments (4%) and the rate at which they are relent to the Societies (2%) will be given to the State Governments as a subsidy.
5. Industrial Co-operatives.	50% of recurring expenditure for 3 years on any special supervisory co-operative staff.	(i) 75% of share capital as a two-year loan. (ii) 75% of working capital (This would include cost of land, buildings and equipment) as a ten-year loan.	
6. Common Service Facilities Schemes.	Training element would be separated and treated as "Service Scheme" as at (3) above.	75% of the productive part of the scheme will be given as loan for 10 years @ 4% per annum.	(i) The assets will be made over at the appropriate time to a private party or a co-opera-

Category of Scheme	Pattern of assistance given by the Centre.		Remarsks
	Grant	Loan	
6. Common Service Facility Schemes. (*contd.*)			tive institution at a value not less than the book value less normal depreciation and when they are so transferred as appropriate share will be credited to Central Government towards the repayment of the loan; (ii) Interest or depreciation will not be either fully or wholly included in the charges to be levied for a preliminary period; (iii) The element of depreciation and interest thus foregone, for as long as the institutions are managed by the State Government, will be treated as a loss, to be shared by the Central and State Governments in equal proportions; and (iv) The assets will be normally handed over to a private party or a co-operative institution within a period of not later than five years, and in any case the liability of the Central Government to pay a moiety of depreciation charges and interest should be limited to a period of 5 years.

7. Service-cum-Commercial Schemes.	Grant for service part of the scheme in the same way as for schemes of a service nature *i.e.* grant towards expenditure on training by way of stipends and pay of staff required for training and raw materials. (50% of the cost of staff directly engaged on training.) (50% of ⅓rd the cost of other staff employed in the unit). (50% of the cost of raw materials which will be wasted during training).	'Production' portion of the scheme will be treated as 'Commercial' schemes *i.e.* 75% of expenditure on production portion will be given as a loan.	
8. Subsidy on supply of power.	In cases where power is supplied by private agencies, the State Government should examine whether the tariff cannot be so adjusted as to make supplies to small industries at concessional rates (about 1 anna 6 pies per unit). If, after such examination, it is found that the supply of power at concessional rates would entail a loss to the electricity supply undertakings, such loss would be met by the Government of India and the State Governments in equal proportions.		Where power is supplied by the Electricity Department of a State Government or by any State-owned organisation, the State Government should examine and so adjust their tariff rates as to make power available at a cheap rate (about 1 anna 6 pies per unit) to small industries.
9. Strengthening of Staff in Industries Departments of State Governments.	50% of the cost of additional staff (including salaries and allowances, but excluding T.A.) would be given as a grant.		This would be applicable to staff not only for Small-Scale industries, but for other categories of industries like Village Industries, Handicrafts, Sericulture, etc. (but excluding Handloom Industry).

ANNEXURE 'B'

A list indicating the nature of some of the schemes for which financial assistance is being rendered by the Board.

(Service Schemes)

1. Training Centres in Blacksmithy.
2. Training Centre for Stoneware and Earthenware.
3. Training Centre for Carpentry and wood works.
4. Training Centre for Moulders.
5. Training Centre for the manufacture of Crayons & other plastic products.
6. Training Centre for the manufacture of Scientific glass apparatus.
7. Ceramic Service Centres.
8. Training Centre in braiding of tapes and shoe laces.
9. Development of model Carpentry Centres.
10. Development of model Blacksmithy Centres.
11. Training-*cum*-Production Centres for manufacture of glass beads.
12. Training & Service Schemes for sports goods industry.
13. Establishment of Mobile Carpentry Demonstration Unit.
14. Establishment of Mobile Blacksmithy Demonstration Units.
15. Training in the manufacture of plastic goods.
16. Training-*cum*-Production Centre for cutlery.
17. Training Centre for the manufacture of bricks.
18. Development of Tile Industry.
19. Establishment of brick making centres.
20. Training Centre for leather work.

Schemes not entirely for production i.e. *providing Common Service Facilities*

(Departmental schemes etc.)

1. Training-*cum*-Production Centre for Ceramic Ware.
2. Establishment of Training-*cum*-Production Centre in Carpentry.

3. Training-*cum*-Production Centre for model Leather goods Centre.
4. Training-*cum*-Production Centre for tanning.
5. Model Tannery.
6. Factory for the manufacture of stoneware pipes.
7. Centre for the manufacture of bolts, nuts and rivets.
8. General Purpose Engineering Shop.
9. Timber seasoning plant.
10. Model Foot Wear Unit.
11. Development of Ceramics.
12. Manufacture of Splints & veneers.
13. Servicing unit for Sewing Machines.

*Production schemes to be run departmentally or by **Industrial** cooperatives*

1. Food processing unit for women.
2. Galvanizing plant.
3. Service Centre for pressed metal products.
4. Service Centre for Locks.
5. Service Centre for Ceramics.
6. D. Class Match Factory.
7. Training-*cum*-Production Centre for match industry
8. Manufacture of Radio Transformer.
9. Tannery on small scale for the manufacture of sole leather.

ANNEXURE 'C'

Some Important Small Scale Industries

1. Small Hand Tools.
2. Surgical Instruments.
3. Mechanical Toys.
4. Clocks.
5. Balance Scales and Measures.
6. Laboratory & Scientific equipments.
7. Sanitary Fittings.
8. Buckles.
9. Shoe Eyelets.
10. Tent Eyelets.
11. Electric Lamp Holders.
12. Electric Lighting Accessories brackets etc.
13. Safety pins.
14. Gem Clips.
15. Hair Pins & Hair Clips.
16. Metallic Buttons.
17. Press tip Buttons.
18. Fancy chains.
19. Wool Knitting Needles.
20. Paper Punches.
21. Metallic Watch Straps.
22. Whistles.
23. Fancy Boxes, Cigarettes Boxes, Soap cases.
24. Mirror.
25. Sifters and Tea Strainers.
26. Torch.
27. Thermos Flasks.
28. Suit cases Fittings.
29. Umbrella Fittings.
30. Wire Netting of Finer Mesh.

31. Fishing Hooks.
32. Pencil Sharpeners.
33. Fountain pens.
34. Cigarettes lighters.
35. Umbrella stics (Metal).
36. Needles of all types.
37. Hinges.
38. Washers.
39. Rivets.
40. Pipe Fittings.
41. Conduit fittings.
42. Shoe tacks.
43. American type locks.
44. Latch Locks.
45. German type Cycle Locks.
46. Medium size chains.
47. Drawer & Cabinet locks.
48. Fittings.
49. Furniture.
50. Scientific glass Apparatus, Pressed wares (glass).

List of items that can be manufactured by small industrial units

(A) *Iron and Steel Non-Ferrous Metal and their Products.*

1. Kitchen stoves and ranges.
2. Wood Burning Stoves.
3. Coal Burning Stoves.
4. Furniture Locks.
5. Forged Nails.
6. Wire Nails.
7. Flooring Nails.
8. Cut Nail.
9. Pressed Nails.
10. Copper Nails and Rivets.
11. Rail Spikes.
12. Shoe (lace) Eyes and Hooks.
13. Drawing Pins.

14. Wood Screws.
15. Metal Threaded screws.
16. Hook Screws and screw eyes.
17. Staples.
18. Copper and Brass Bolts.
19. Horse Shoes Nails.
20. Horse Shoes.
21. Chaff Cutter Knives.
22. Bread Knives, Curvers, Butchers Knives and cleaners.
23. Wood Carving knives.
24. Pocket knives.
25. Tannery Sharping and Whitening knives.
26. Shoe Makers knives.
27. Razors.
28. Pruning Knives
29. Scissors.
30. Rat and Mouse Traps.
31. Buttons.
32. Pins.
33. Safety Pins.
34. Hair Pins.
35. Paper Clips.
36. Marking Stamps for cases, bales and other packages.
37. Gold and silverware.
38. Table knives.
39. Silver plated and stainless steel tableware.
40. Sugar tongs.
41. Meat Hooks for butcher shops.
42. Drinking troughs.
43. Metal Curtain Tods.
44. Metal Curtain Rings.
45. Metal Coat Hangers.
46. Iron Step Ladders.
47. Door handles.
48. Metal ornamentalware.
49. Basins Metal.
50. Bath Tins (Galvanised).

51. Bath Tubs (Galvanised).
52. Cake moulds.
53. Churns.
54. Coffee grinding machines.
55. Coffee pot metal.
56. Coffee strainers.
57. Dessert moulds.
58. Cutlet moulds.
59. Strainers Vegetable metal.
60. Galvanised basins.
61. Frying pans.
62. Galvanised bowls.
63. Pails and tubes.
64. Potato squashers.
65. Potato pressers.
66. Sause pans.
67. Toasting frames.
68. Tiffin carriers.
69. Wire dish cover.

(B) *Agricultural implements*

1. Hoes.
2. Garden shears.
3. Pruning knives.
4. Hatchet or Daw.
5. Bill Hooks.
6. Other edged handtools used in agriculture.
7. Grain riddles.
8. Rakes.
9. Ridger or hiller (hand or cattle driven).
10. Seeders.
11. Seed dressers.
12. Weeders.
13. Channels Water, Sheet metal.
14. Cans ordinary and watering.
15. Water buckets for irrigation purposes.
16. Chaff cutters.

17. Chains for cattles.
18. Dusting machines (hand driven).
19. Rat traps.
20. Wheel barrow.
21. Carts and their wheels.
22. Manure Tramplers (manual or animal operated).

(C) *Cutlerry*

1. Spoons all sorts.
2. Tongs all sorts.
3. Forks all sorts.
4. Nut Cracker.
5. Sugar Basin.
6. Tea pot.
7. Cream Jugs.
8. Tea strainer.
9. Toast Rack.
10. Butter shell.
11. Butter Dish.
12. Jam butter, sugar and ice plates.
13. Butter trays.
14. Tea and Coffee urn.
15. Meat plates.
16. Dish covers.
17. Soup bowl.
18. Vegetable dish and cover.
19. Luncheon try with server.
20. Menu holder.
21. Mustard pots.

(D) *Mathematical Instruments*

1. Slide Rules (wooden and perspex).
2. Laboratory Tables and Stands
3. Laboratory stools.
4. Lantern Slides.
5. Human Physiology charts.
6. Zoological models.

7. Nature Study charts.
8. Botanical Models.
9. Plant Physiology charts.
10. Dissecting instruments.

(E) *Machines and Appliances not Electric*

1. Chaff Cutters.
2. Computing slide rules.
3. Pencil sharpeners.
4. Fasteners and staples.
5. Drawing instruments.
6. Letter and package scales.
7. Counting scales.
8. Baby scales.
9. Pianos & Harmoniums.
10. Mouth organs.

(F) *Timber woods goods woodware*

1. Blackboard
2. Packing Cases.
3. Wooden barrels.
4. Picture and photo frames.
5. Bobbin and other turned wood goods.
6. Brush handles.
7. Broom handles.
8. Spade handles.
9. Boot lasts.
10. Wooden shoes heels.
11. Wooden boxes and tubes.
12. Candy and Ice Cream sticks.
13. Match Splint.
14. Wooden shoe pegs.
15. Thread reels.
16. Household woodware.
17. Wash Boards.
18. Wooden toys.

19. Smoking pipes and cigarette holders.
20. House Furniture.
21. Garden furniture.

(G) *Wood pulp and Board, Paper Board* **and** *Papers Manufacture*

1. Corrugated Board Boxes.
2. Card Board Boxes.
3. Corrugated Board bottle cases.
4. Paper Sacks.
5. Paper Bags.
6. Letter Paper and Envelope sets.
7. Envelopes.
8. Blotting Pads.
9. Carbon paper.
10. Tags and Lables.
11. Letter files.
12. Card files and Card indexes.
13. Playing cards.
14. Paper Napkins.
15. Account and Note Books.
16. Copying Books.
17. Photo Albums.
18. Stamps Books.

(H) *Miscellaneous Items.*

1. Vegetable oils.
2. Fish oils.
3. Fish liver oil.
4. Bone & Horn meal.
5. Stamp Ink.
6. Printing Inks.
7. Boot & Shoe Polish.
8. Floor Polish.
9. Soap.
10. Skin Creams.
11. Hair lotions.
12. Candles.
13. Glue.

14. Adhesives.
15. Tanning materials and extracts.
16. Lacquer raw products.
17. Soap stone and soap stone articles.
18. Marble and Marble ware.
19. Lime stone and limestone building materials
20. Lime.
21. Chalk.
22. Building bricks.
23. Roof tiles.
24. Roof tiles and Pavement tiles.
25. Chinaware and glazed earthenware.
26. Decorative chinaware and art earthenware.
27. Percelain insulators.
28. Bangles.
29. Beads and false pearls.
30. Glass bottles.
31. Glass tubes.
32. Mirrors and Mirror trays.
33. Gloves.
34. Leather travelling bags.
35. Ladies hand bags.
36. E. I. Tanned Kips, goats and sheep skins.
37. Semi-chrome upper leathers.
38. Upper and lining leathers from hides and skins.
39. Textile Pickers.
40. Raw hide lace etc.
41. All types of indigenous and western footwear.
42. Ordinary, decorated and fancy sandals and chappals.
43. Leather goods like suit cases, holdalls, attache and brief cases. zip folio cases, purses and other types of leather goods.
44. Rubber balls.
45. Baloons.
46. Surgical gloves.
47. Eye Dropper Teats.
48. Milk Bottle Teats etc.

49. Rubber toys and balls.
50. Accessories of cycles like handle grips, brake rubbers, pedal rubbers, cycle seats, horn bulbs etc.
51. Water hand pump washers.
52. Sewing machine rings.
53. Rubber Corks.
54. Fountain pen tubes.
55. Sanitary fittings.
56. Plugs.
57. Washers.
58. Stamp rubber.
59. Rubber stamp composition.
60. Combs.

ANNEXURE D

D.O. No. 3-LI (B) /56

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

New Delhi, the 24th December, 1956.

P. K. CHAKRAVARTI, I.A.S.,
DEPUTY SECRETARY.

My dear, Shri

It has been decided, in consultation with the Ministry of Community Development, that twenty small Industrial Estates would be started all over the country during the next financial year, each Estate costing roughly Rs. 2-3 lakhs. It will, therefore, be possible for us to allot one such small Estate for your State.

The exact locations of these Estates will be communicated to you in due course. Meanwhile, I shall be grateful if you will kindly make suitable provision in your Budget on the assumption that one Estate will be allotted to you.

It is understood that the financial assistance, proposed to be given by the Central Government for setting up these small Estates, would be similar to that for the larger Industrial Estates and that the

Blue-prints of these Estates would be prepared by the technical officers attached to our Regional Institutes.

Yours sincerely,
Sd./-
(P. K. Chakravarti).

To

Secretaries of Industries Department of State Governments (as per list attached).

Statement showing the number of Small Industries Estates allotted to the States

Sl. No.	State	Number allotted.
1.	Uttar Pradesh	21
2.	Bombay	2
3.	Madras	1
4.	Kerala	1
5.	West Bengal	1
6.	Madhya Pradesh	1
7.	Orissa	1
8.	Punjab	1
9.	Assam	1
10.	Bihar	1
11.	Rajasthan	1
12.	Andhra Pradesh	1
13.	Mysore	1
14.	Jammu & Kashmir	1
15.	Himachal Pradesh	1
16.	Delhi	1
17.	Manipur	1
18.	Tripura	1

ANNEXURE 'E'

No. 4-II(B) (20)/56

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

New Delhi, the 31st December, 1956.

From

Shri P. K. Chakravarti, I.A.S.,
Deputy Secretary to the Government of India

To

All State Governments.

Sir,

I am directed to enclose a statement showing provisional allocation of funds which would be available to State Governments for the year 1957-58 for schemes for the development of small-scale industries (excluding Industrial Estates) and to request the State Governments to make suitable provisions in their state budgets. The allocation of funds, indicated in the enclosed statement, is provisional and is subject to our budget being passed by Parliament in due course. It is understood that the actual assistance required for particular schemes would be given only in accordance with the prescribed pattern of financial assistance for schemes for small-scale industries. The allocation includes the loans required by State Governments for disbursement under the State Aid to Industries' Act, but excludes the loans required for Industrial Estates.

2. It has been decided, with the concurrence of the Ministry of Community Development, that 15% of the total allocation for a particular State should be earmarked for expenditure in C.D. block areas. The State Governments are, therefore, requested to frame their schemes for the next financial year accordingly.

Yours faithfully,

(Sd.) P. K. CHAKRAVARTI,
Deputy Secretary to the Govt. of India.

No. 4-II(B) (20)/56

Copy to:—

1. Development Commissioner, Small Scale Industries.
2. All Joint Development Commissioner.
3. Planning Commission.
4. Ministry of Community Development.

Statement showing provisional allocation of funds to State Government for the year 1957-58 for schemes for the development of small scale industries (excluding Industrial Estates).

(*Rupees in lakhs*)

S. No.	State	Grant	Loan	Total
1	Andhra	5·64	22.58	28·22
2	Assam	2.46	9.86	12·32
3	Bihar	9·63	38·54	48·17
4	Uttar Pradesh	6·16	24·65	30·81
5	Orissa	5·56	22·23	27·79
6	West Bengal	7·53	30·14	37·67
7	Jammu &Kashmir	2·49	9·95	12·44
8	Bombay	12·49	49·96	62·45
9	Madhya Pradesh	10·00	40·00	50·00
10	Mysore	4·18	16·71	20·89
11	Kerala	6·64	26·55	33·19
12	Punjab	10·05	40·21	50·26
13	Rajasthan	5·31	21·23	26·54
14	Himachal Pradesh	0·60	2·42	3·02
15	Madras	5·33	21·31	26·54
16	Delhi	1·21	4·85	6·06
17	Manipur	0·30	1·14	1·44
18	Pondicherry	0·02	0·08	0·10
19	Tripura	0·82	3·26	4·08
20	Andaman & Nicobar Islands	0·20	0·79	0·99
21	N. E. F. A.	0·88	3·54	4·42
	TOTAL	97·50	390·00	487·50

Budget provision for 1957-58—

Loans	Rs. 4 crores.
Grants	Rs. 1 crore.

Reserve kept with Ministry unallocated—

Loan	Rs. 10 lacs.
Grant	Rs. 2·50 lacs.

Functions and assistance Programme of the All India Handicrafts Board

Introduction:—Handicrafts are types of cottage industries in which the skill or dexterity of the artisans is predominently reflected in the finished products. "Handicrafts, stand in some ways in a special category distinguishable alike from village as well as small scale industries. They are essentially products of artistic skill embodying the creative imagination of the Indian craftsman and thus having a character inimmitably Indian. Craftsmen working in metal, ivory, wood, clay or other media have created products of rare beauty often drawing on mythological and religious themes which are so much a part of the daily life of an average Indian". Handicrafts of India had at one time attained world fame and admiration for exquisite workmanship, but under the alien rule they had declined and deteriorated. With a view to reviving and rescucitating these moribund crafts and developing them to their proper stature, the All India Handicrafts Board was set up by the Government in the year 1952.

Programme of activities of the Board:—The Board is responsible for organising the development of the existing and new handicrafts as well as reviving the old and traditional crafts which are dying or have fallen out of use due to lack of patronage. The functions of the Board briefly are :

(i) to advise the Government generally on the problems of handicraft industry;

(ii) in particular, to improve and develop production and promote sales in India and abroad; and

(iii) to advise the Government on grants and loans to State Governments and private organisations and institutions for financing activities necessary for the development and improvement of handicrafts.

The purpose for which grants and loans are made includes promotion of marketing, organising co-operatives, introduction of better techniques and improved equipment, quality control, training and extension centres, research and survey, design development, establishment of museums and publicity, etc. The development programme includes training of artisans in their respective crafts for which the Board also recommends financial assistances. The Board also recommends working capital of co-operative societies in the form of loans. A list of industries included in development programme is indicated in Annexure B.

The Board encourages formation and development of co-operatives and in all traditional and new handicraft industries. The old decaying handicrafts are intended to be revived through co-opera-

tives. Besides development programmes of this kind intended for the State Governments, the Board undertakes direct activities which include:

(i) Establishment of design improvement centres
(ii) Organization and participation in exhibitions in India and abroad
(iii) Training in crafts
(iv) Publicity
(v) Marketing conferences
(vi) Museums
(vii) Research

The Board also undertakes surveys of specific industries and has taken up three crafts for intensive development which are:

(i) Woollen wool products
(ii) Ivory and horn products
(iii) Bidri work.

Pattern of financial assistance.—The Board scrutinizes the schmes received from the State Governments, suggests such adjustments and modifications as necessary and allocates necessary funds in respect of the schemes approved by it. The recommendations of the board are forwarded to the Ministry of Production (now Ministry of Commerce and Industry) for approval and necessary financial sanction. For the purpose of rendering financial assistance, the development schemes are broadly divided into three categories namely :

(i) Purely developmental;
(ii) Purely developmental and partly commercial; and
(iii) Commercial.

But the pattern of financial assistance has been rencently revised according to which the schemes are to be divided into the following categories for rendering financial assistance to State Government:

I. Development Schemes.
II. Commercial Schemes.
III. Industrial Cooperatives.

The details of the nature of financial assistance available under these three categories are indicated as per Annexure A.

The Second Five Year Plan.—The activities of the Board will expand during the Second Five Year Plan. The draft plan of the Board envisages an all round development of production and

marketing of handicrafts. The Board aims at creating a net-work of craftsmen's associations linked with common facilities, establishment of a net-work of marketing emporia and sales *cum*-procurement depots, organising and participating in exhibitions, sponsoring of trade delegations and market research, etc. It also aims at the establishment of design and technical development centres in addition to training-*cum*-extension centres. The plan envisages the supply of credit facilities to artisans through their co-operatives, setting up of quality control units and inspection depots and lays special emphasis on the development of marketing facilities. There has been a tentative allotment of Rs. 9 crores for development of handicrafts of which a provision of Rs. 3 crores has been made for the schemes to be directly undertaken by the Board and Rs. 6 crores for schemes from the State Governments.

ANNEXURE—A

SUBJECT: Pattern of Financial assistance for schemes for Handicrafts and Sericulture industries during 1957-58.

(i) *Development schemes:*—The Central Government will provide 100% of the non-recurring and recurring expenditure excluding the cost of lands and buildings. In regard to lands and buildings, the Government of India will examine each proposal on merits.

(ii) *Commercial schemes:*—The Central Government will provide 50% of the recurring expenditure and 50% of the non-recurring expenditure as a grant and working capital as a loan. The case for financial assistance in regard to the expenditure on lands and buildings will be examined on merits. The schemes for financial assistance for the formation of emporia will be treated as 'Commercial Schemes.'

(iii) There will be no category of schemes which are "Partly Commercial" and "Partly Developmental" adopted previously. These features will be separated and dealt with according to the pattern for developmental/commercial schemes mentioned above.

(iv) *Industrial Co-operatives:*—The Central Government will grant assistance on the following basis:—

(a) 75% of the Share Capital will be provided as a two year loan :

(b) 75% of the working capital will be provided as a 10 year loan: (This will include the cost of land and buildings and the equipment).

(c) 50% of the recurring expenditure for three years on any special supervisory cooperative staff will be provided as a grant.

2. The State Governments are required to re-land the loans to the Industrial Co-operatives at 2½% per annum. The difference between the rate of interest at which the loans are sanctioned to State Governments (4%) and the rate at which they are re-lent to assistance (2%) will be given to the State Governments as a subsidy.

(v) No pattern of assistance is being laid down for schemes for housing of artisans.

ANNEXURE—B

Revised List of Handicrafts

Textiles . .	Hand-printing and traditional dyeing of textiles;
	Brocades
	Himroo
	Carpets and druggets
	Rugs, gabbas and namdas
	Embroidery (cotton, silk, wool and zari)
	Lace and lace work including nakki and gota making
	Shawls.
Metalware . .	Silver and gold ware
	Bidri
	Filigree
	Brassware and Copperware
	Bronze work.
Wood Work . .	Wood carving and inlay.
	Lacquer work including nirmal work.
	Decorative furniture.
Ceramics . .	Pottery and earthenware.
Stonework . .	Stone-carving including marble work and alabaster.
Toys . . .	Dolls, and toys other than mechanical toys.
Leather . .	Leather goods.
Ivory . .	Ivory carving.
Papier-machie .	Papier-machie articles.
Horn . . .	Horn
Bone . . .	Bone
Cane bamboo etc. .	Articles made of cane, bamboo, willow, straws and grass including mats and pithcraft.
Incense and Perfumery	Incense and perfumery
Flax and Fibre .	Handicraft articles made of flax and fibre.
Bangles and Beads .	Bangles & Beads.
Musical Instruments	Musical Instruments.
Conch-shell and semi-precious stones .	Articles made of conch-shell and semi-precious stones.
Miscellaneous .	Miscellaneous traditional art objects such as Orissa, Mysore and Tanjore Painting, and handicraft products specially made for ceremonies, articles of worship and theatrical requisites such as costumes, masks, puppets, etc.

The Coir Industry and the Coir Board

Introduction.—The coir industry which is mainly carried on as a cottage industry is chiefly concentrated in Kerala State and partly in the States of Madras, Mysore, Bombay, Orissa, Andhra and West Bengal. It has been estimated that 6 lakhs of people are enganged in this industry at one stage or another. The fortunes of the industry being largely dependent upon the export of its products, there have been frequent slumps with serious repercussions on the industry and great deal of sufferings to the artisans concerned. To avoid this periodical crisis with consequent suffering to the artisans and persons concerned, it is essentially necessary to have a balanced development of the industry on its diverse stages. With that end in view, the Coir Board was ushered into existence in the year 1954 under a statute.

The functions and programme of activities of the Board.—The functions of the Coir Board are to promote the development of coir industry and with that end in view, the Board aims at promotion of exports, regulation of production, ensuring remunerative returns to the workers, improved marketing, standardization of qualities, scientific research and propaganda.

Programme of activities:—Research and model factories.—With a view to achieving steady progress on the industrial front, the Board has taken up the question of starting a Coir Research Institute with a pilot plant. Under the scheme it is contemplated to have a Central Research Institute with a pilot plant and a branch Institute with a model factory to study the problems of the industry, *e.g.* to make the coir yarn more versatile so that it can compete with other fibres, to soften the fibre by chemical and mechanical methods, to reduce the period of retting, to utilize the by-products, *viz.* coconut pith for the manufacture of boards, building materials, etc. An essential condition for the development of coir industry, as it is carried on at present, is the presence of retting facilities for the retting of coconut husk which is the raw material of this industry. In the coastal regions of Kerala where retting facilities are available extensively, about 80 per cent of the husk is now utilised. Taking India as a whole only, 50 per cent of the husk is used for extraction of fibre. How best the remaining 50 per cent could be utilised for the production of a particular kind of fibre, *viz.*, the bristle and mattress fibre, is engaging the attention of the Board.

Production and marketing.—Heavy dependence on external markets is one of the drawbacks of this industry as any slack in foreign demand would undermine the stability of coir's economy

here. A continuously expanding market, both at home and abroad, is essential for coir's healthy existence. Board's attention is now being increasingly concentrated on this aspect. As for promotion of sales and increasing consumption of coir and coir products in the internal market, the Board propose to start show-rooms and sales depots in important cities of India. One show-room with a sales depot has already been started in New Delhi. The Board also encourage organization of co-operative marketing societies in States. Regarding expansion of export market, the Board have decided to take up advertisement and propaganda in foreign countries. They are also thinking on the lines of registration of exporters and licensing of exporters of coir and coir goods, gradation and standardization of such goods etc. On the side of production of coir and coir products, the Board support organization of the industry on a co-operative basis. They are of the view that the small producers and labourers should be brought within the co-operative fold.

Propaganda.—Placing the interesting facts of the industry in the hands of the trade and consuming public is of vital importance to the industry and propaganda is one of the main items on the programme of the Coir Board. The Board participated in various exhibitions and sends exhibits to international exhibitions in foreign countries through the Indian stalls. The Board also sends coir goods for display in the commercial show-rooms maintained in foreign countries by the Government of India.

Publicity.—Apart from taking part in exhibitions and fairs, the board has also been devoting increasing attention to publicity. It has started publishing a quarterly titled 'Coir' and has taken on hand publication of an illustrated catalogue and an attractive brochure. Arrangements have been made to advertise coir and coir products through journals, wall posters, cinema slides, etc.

The Second Five Year Plan.—Coir Development Schemes to be implemented by the State Governments of Madras, Andhra, Bombay, West Bengal, Orissa, Mysore and Kerala costing Rs. 1,91,64,580 have been in the Second Five Year Plan. Organization of coir industry on a co-operative basis is the essence of these schemes. These schemes are to be worked out by the State Governments concerned and the expenditure will be shared by the States concerned and the Central Government. Besides these schemes, the Coir Board contemplate to take up certain central schemes under their direct management. These include establishment of a Research

Institute, opening of show-rooms and sales depots, sending trade delegations to foreign countries and propaganda. The Government of India have sanctioned Rs. 30 lakhs for these schemes during the Five Year period.

What the Community Project personnel can do.—Schemes for development of coir industry have been taken up in the Pilot Project of Kerala State. Coir industry is, no doubt, carried on extensively in many of the Community Blocks of the State. In areas where there are sufficient cultivation of coconut and good retting facilities, attempts may be made for introduction or development of the coir industry on co-operative basis and the Project personnel may take the initiative in the matter in consultation with the technical departments of the State. Fibre extraction from coconut husks, rope making, mat and carpet making with coir yarn and strings are generally the types of industries that can be carried on cottage basis in the rural areas. In areas where there is sufficient cultivation of coconut, but not retting facilities, the possibility of extraction of coir fibre by soaking process and with improved technique has been engaging the attention of the Coir Board. In fact, some countries have evolved this process. As soon as some technique is recommended by the Central Coir Board for the purpose, it will be possible to take up schemes for development of coir industry in coconut areas without sufficient retting facilities. A draft scheme for development of coir industry as drawn up is enclosed.

Pattern of financial: The Coir Board unlike other All India Boards does render neither financial assistance nor make recommendations to the Government of India for any financial assistance on the schemes of the State Governments. The procedure to be followed, is different in case of coir development schemes. The State Governments may approach the Ministry of Commerce & Industry, Government of India, for financial assistance on their schemes, which are considered on their merits. The Government of India may, however, render financial assistance to the State Governments the pattern of which is as follows: "Financial Assistance is given to State Governments with the Coir Industry for Organization of cooperative societies for collections, retting and distribution of husks, production of coir yarn and marketing yarn. 50% of the establishment expenditure is given as grant and 50% of the loans to the cooperative societies is given as loan by the Central Government to State Governments".

Proposed schemes of the State Governments under the Second Five Year Plan—Estimate of expenditure thereof

	Rs.
	1,44,70,000
1. Kerala	30,72,000
2. Madras	4,15,500
3. Andhra	5,00,580
4. Bombay	4,15,500
5. W. Bengal	1,45,250
6. Orissa	1,45,250
7. Mysore	
	1,91,64,080

Central Schemes to be Implemented by the Board

	Rs.
Research	
(a) Central Research Institute and Pilot Plant	18,29,000
(b) Branch Research Institute and Model Factory	1,99,000
Marketing Schemes	
(a) Opening of show-rooms and warehouses	1,80,000
(b) Trade delegation to foreign countries	2,00,000
(c) Propaganda advertisements, etc.	10,00,000
	34,08,000

A scheme for production of coir and coir goods

The Scheme envisages production of coir goods from the stage of extraction of fibres from husks to finished goods like strings, ropes, door mats and mattings, etc. 100 persons will be provided with employment under the scheme at different stages and processes of work as indicated below:—

1. 20 persons for extraction of fibre
2. 15 persons for spinning
3. 30 persons for door mats in frames
4. 20 persons for weaving mattings
5. 15 persons for coarse coir ropes, mainly for consumption in bidi shops.

Training for three months will be necessary to qualify the workers to take up production on commercial basis.

The financial implication of the scheme including recurring and non-recurring expenditures for one year comes upto Rs. 1,00,000/- as stated below:

A. Non-recurring expenses

(a) fibre Extraction	Rs.
1. Fencing of 20 soakpits (in natural water) size 60 ft. x 6 ft. x 4 ft. at Rs. 150/- each	3,000/-
Capacity 15,000 husks per pit— 15,000 x 20=3,00,000 husks.	
2. 2 Cinning machines 2 x 400/- each	800/-
3. 20 Wooden mallets and wooden platform @ Rs. 6/-each	120/-
4. 4 Iron hammers @ Rs 5/- each.	20/-
5. 5 Pincers—5 x 5/- each	25/-
6. 3 Choppers—3 x 9/-	27/-
7. Wooden seats—20 x 3/- each	60/-
8. 1 weighing scale	50/-
Rs.	4,102/-

(b) Spinning and *Weaving, etc.*	
1. 6 sets spinning wheel @ 50/- each	300/-
2. 1 Chabsa .	250/-
3. 20 mat frames @ 12/- each	240/-
4. 5 Looms with accessories @ Rs. 1,000/- each	5,000/-
5. 2 dozen "Panja" x 5/- each piece	120/-
6. 12 big shearing scissors @ 10/- each	120/-
7. 2 dozen small scissors @ 6/- each	144/-
8. 2 dozen lease rod -/8/- each	12/-
9. 2 dozen pile height guide	20/-
10. 2 dozen iron rod of various diameters	20/-
11. Other small accessories and carpentry tools	100/
Rs.	6,326/-

(c) Dyeing Section	
Dyeing equipment—bath tubs, weighing scale, mortor and pestle, mugs, buckets, stove, etc. etc.	600/-

(*d*) *Construction*

Work shed including store—100 ft. x 20ft.	12,000/-
Shed without wall for extraction of fibre—20ft. x 10ft.	500/-
Dyeing shed 20 ft. x 10ft.	500/-
	13,000/-

(*e*) *Furniture, etc.*	600/-
(*f*) Installation cost (including freights, etc.)	500/-
TOTAL of (a), (b), (c), (d), (e), and (f)	4,102/-
	6,326/-
	600/-
	13,000/-
	600/-
	500/-
	Rs. 25,128/-
Non-reurring:	or Rs. 25,000/-

B. *Recurring Expenses* (*Raw materials*)

(*a*) Training period for 3 months

	Rs.
(i) 1,000 husks @ 15/- per 1,000 for 25 days a month	375/-
(ii) Coir yarn to be purchased for mats and mattings (20 mds. per month @ 40/-)	800/-
(iii) Dye stuff	150/-
(iv) Other incidentals	50/-
	1,375/-
Rs. 1,375/- x 3-	4,125/-

Production expected

(*a*) 1½ mds. of ropes and strings (for bidi shops) *i.e.* 37 mds. per month ×Rs.10/- per md.	370/-
(*b*) 2 mds. of cushion fibre x5/- × 25 days	250/-
(*c*) 6 pieces of door mats per day x 25 days x @ 2/8/- each.	375/-
(*d*) 20 yds. of mattings x 25 days x @ 1/- per yd.	500/-
	1,495/-
For three months 1,500 x 3	4,500/-

(*b*) Normal production for the rest of the 9 months—

(i) 2,000 husks @ 15/- per 1,000 *i.e.*30/- x 25days	750/-
(ii) Coir yarn to be purchased @ 2 mds. per day x 25 x 40/- per md.	2,000/-
(iii) Dyestuff Rs. 15/- x 25	375/-
(iv) Wages @ 1/4/- on an average per day 100 x 1/4/- x 25 days	3,125/-
(v) Incidentals	50/-
	6,300/-p.m.
Requirement for 9 months	56,700/-

Production

1. 3 mds. of ropes for bidi per day x 13/- per md. x 25 days . . .	975/-
2. 4 mds. of cushion fibre x 6/- per md. per day x 25 days . . .	600/-
3. 20 door mats a day at Rs. 3/- per piece x 25	1,500/-
4. 60 yds. of door matting a day at 2/4/- per yd. x 25	3,375/-
	6,450/-
i.e. 6,450/- x 9 months . .	58,050/-

(c) Over head charges—

	Rs.
1. Manager—200/- x 12	2,400/-
2. One supervisor 150 p.m. x 12/-	1,800/-
3. 2 Assistants 100/-p.m. x 12 x 2	2,400/-
4. One Accountant 150/-p.m. x 12	1,800/-
5. One store keeper 125/- p.m. x 12	1,500/-
6. 2 menials x 50/- x 12.	1,200/-
7. Contingency including transport—60/- x 12	720/-
8. T.A. 100 x 12	1,200/-
	13,020/-0
	13,000/-

Total recurring expenses a, b and c—

Training .	Rs.	4,125/-
Production .	Rs.	56,700/-
Overhead .	Rs.	13,000/-
	Rs.	73,825/-

Total expenditure

Non-recurring	Rs.	25,000/-
Recurring	Rs.	73,825/-
	Rs.	98,825/- or 1,00,000/-

Functions and Assistance Programme of the Central Silk Board

Introduction:—India has been a silk producing country from time immemorial. It is all common knowledge that silk industry of India was in a very prosperous condition in the past with heavy annual export of this queen of fabrics to various countries of the world. But the industry began to decline from the end of the 19th century due to various factors such as ravages of silk-worm disease, helplessness of the country in formulating her own trade policy due to foreign domination, improvement of the silk industry in foreign countries with their unhealthy competition and dumping of foreign raw silk in India, competition from rayon and other man made fibers, like artificial silk, nylon, etc., lack of improvement in the silk technology in the country, poverty of the artisans and exploitation of the middlemen and traders, etc., etc. Nevertheless, the industry still plays a vital role in the economy of the country and has potentialities of increased production and employment. A large number of families derive a substantial amount of their income from mulberry cultivation, silk worm rearing and reeling and also weaving. Silk industry in India can be said to be largely a cottage industry. Sericulture can afford remunerative employment, both subsidiary and whole-time, to the agriculturists to a considerable extent. The aggregate output of silk at present in India amounts only to 2·5 million lbs. per annum which falls short of the estimated demand by over 1 million lbs. and of the self-sufficiency target by as much as 8 million lbs. Silk is of considerable importance in the field of military requirements, as for instance, silk parachutes, cords, tapes, threads, etc. It has a variety of uses in apparel, drapery and upholstery and also in medical and industrial fields. It is in demand for covering wires in electric apparatus because of its good insulating property. It is used in typewriter ribbons and fishing cords. For surgical purposes, silk worm guts are becoming very popular. Use of silk in hosiery industry, particularly in the continental countries, is increasing considerably. The industry is mainly confined in the States of Kashmir, Madras, Mysore and West Bengal, which are mainly mulberry silk producing areas. Besides, there are very important non-mulberry silk producing areas, like Assam, Bihar, Orissa and Madhya Pradesh. Assam is both a mulberry and non-mulberry area. Bombay, Punjab and U.P. are also getting into field.

The silk industry and the Government assistance programme

(a) *Tariff policies.*—With the emergence of Japan as the premier silk producing country in the world, the cottage silk industry of India was faced with very serious competition. The silk industry in India which had already been relegated to the position of an importer country from that of an exporter, was threatened even in the internal market. The silk weavers in their inability to compete with foreign silk, had to fall back upon cheap raw silk yarn from foreign countries to eke out their bare subsistence. In order to save the silk industry which was about to be wiped out, the Government of India took up a policy of rendering protection to the indigenous silk industry by raising protective duty against foreign silk in the year 1934. Since then, the position had been reviewed from time to time and this policy of protective duty has been continued with modifications according to changed circumstances. The Government of India reviewed the position of the silk industry in the year 1955. On the recommendations of the Tariff Board on silk industry, the Government of India have again fixed the duty on foreign silk at 30 per cent *ad valorem* plus Rs. 3-14-0 per lb. specific duty. This will continue upto the year 1958.

(b) *The Central Silk Board.*—The Government in their anxiety to develop the silk industry to its desired stature, established the Central Silk Board in the year 1948 under the Central Silk Board Act for planning and formulating comprehensive programmes of development of the industry. Financial assistance is being rendered to various State Governments for taking up development schemes on the basis of the recommendations of the Central Silk Board.

Programme of development activities of the Central Silk Board.—The Central Silk Board formulates the general programme of development of silk industry throughout India and requests the State Governments to take up development schemes suitable to their areas on the basis of the common programme. The Board also runs schemes directly for the common benefit of the silk industry of India as a whole. The Technical and the Development Committees attached to the Board examine development schemes received from the State Governments. The Board then take the final decision and recommend to the Ministry of Production, (now Ministry of Commerce and Industry) Government of India, such schemes, if approved, for necessary financial assistance in the form of grants and/or loans. The development programme for the Second Five Year Plan includes various types of schemes relating to silk industry which may conveniently be classified as follows.

(i) *Improvement of mulberry.*—In India the cost of feeding the silk worm on mulberry leaves accounts for about 60 per cent of the cost of production of cocoons. It is, therefore, necessary to effect improvement in the yield and nutritive quality of mulberry leaves. The Central Silk Board has been rendering assistance in the form of supply of improved mulberry saplings together with financial assistance for establishment of mulberry nurseries to remove this drawback. Financial assistance is also being rendered to State Governments for procuring foreign races of silk worm seeds for taking up experiments on improving the race of silk worm.

(ii) *Silk Worm Seed Organisation.*—Grants-in-aid are being made available to the State Governments for establishment of foreign seed multiplying stations for the purpose of propagating foreign races of silk worm to be crossed with indigenous races as a work of basic importance. Assistance is also being given to State Governments for distribution of mountages to silk worm reares engaged in the production of basic silk cocoons for reproduction.

(iii) *Silk reeling.*—Improvement in the technique of reeling is of considerable importance for effecting better quality of raw silk. In fact, reeling even to these days is carried on in the villages with crude and primitive equipment. The Board has been encouraging establishment of domestic basins and other improved appliances in place of the existing crude charkhas for improving the quality and quantity of indigenous raw silk.

(iv) *Raw silk co-operatives.*—Financial assistance is also rendered for development of the raw silk industry and for improvement of the economic conditions of the artisans engaged therein.

(v) *Utilisation of by-products (spun silk industry).*—Financial assistance is being rendered for starting mechanised units for production of spun silk by utilising the silk wastes which are otherwise exported to foreign countries.

(vi) *Co-operative marketing society.*—To safeguard the interests of the reeling industry as well as those of weavers and the indirect interest of the silk worm rearers, the Central Silk Board has recommended establishment of marketing societies of raw silk on co-operative basis with necessary financial assistance to be made available for the purpose.

(vii) *Stabilisation of silk prices.*—In view of the wide fluctuations in the market of price of raw silk, to the great deteriment of the interest of rearers, reelers and silk weavers, the Central Silk Board has recommended to the State Governments holding of buffer stocks of raw silk and its release at an appropriate time in order to keep the

prices of raw silk within reasonable limits. Necessary financial assistance is also being made available to some State Governments for the purpose.

(viii) *Development of non-mulberry silk.*—India produces about 8 lakh lbs. of non-mulberry silk, like Muga Tassar and Eri. Assistance is being made available to some State Governments for improving the type of indigenous reeling and spinning devices. A number of demonstration units have also been started in some of the States.

(ix) *Silk conditioning and testing.*—The necessity of affording necessary facilities for testing and conditioning of all raw silk before it is brought to the market has duly engaged the attention of the Central Silk Board and necessary financial assistance has been rendered to some of the State Governments for setting up silk conditioning and testing houses. Standards for testing of Indian silk have also been finalised with the assistance of the Indian Standards Institution.

(x) *Sericultural research in education.*—The State Governments are being rendered financial assistance for establishment of sericultural research stations for intensive research on comprehensive scale for the development of this silk industry. Assistance is also being made available by the Central Silk Board for:

(a) silk technology;

(b) publicity and propaganda;

(c) manufacture of silk worm guts;

(d) additional staff required to implement schemes by various State Governments for improvement of the silk industry;

(e) industrial loans to sericulturists and weavers, subsidies and contributions, etc.

Pattern of financial assistance.—For the purpose of rendering financial assistance the types of development schemes, as referred to above, were divided into the following categories :

1. Purely developmental schemes;
2. Semi-commercial but mainly developmental schemes;
3. Purely commercial schemes; and
4. General schemes.

But his pattern of financial assistance has been revised by the Government of India. According to the recent pattern of financial assistance evolved by the Government the schemes may broadly be

divided into the following categories for rendering financial assistance to State Governments:

(i) Development Schemes;

(ii) Commercial Schemes.

(iii) Industrial Co-operatives.

It may be stated in this connection that on the basis of the Second Five Year Plan prepared by the Central Silk Board, the Government of India have made a tentative allotment of Rs. 500 lakhs out of which a sum of Rs. 400 lakhs has been allotted to participation schemes with State Governments and a sum of Rs. 100 lakhs for Central scheme to be implemented by the Board directly. Besides, a provision of a sum of Rs. 138.25 lakhs representing loans to the State Governments has also been made for the Plan period. These are indicated separately in Annexure 'B'. The budget estimates of the Board for the financial year 1956-57 contemplates an expenditure of Rs. 60 lakhs out of which a sum of Rs. 54.60 lakhs have been earmarked towards grants-in-aid and loans to State Governments.

Silk industry and other All India Boards concerned.—It will appear from the programme of activities indicated in the note that the Central Silk Board in their developmental programme has laid emphasis on the solution of the main problems before the sericulture industry, such as improvement of quality, reduction in cost and increase in production, improvement of mulberry silk worm seeds, foreign race rearing, *i.e.* the main emphasis is on the sericulture sector. But the All India Handloom Board and the All India Khadi and Village Industries Board have also their own development programme for silk industry. They put emphasis on the production of fabric and marketing of silk fabrics. They have also evolved their pattern of financial assistance for development of the silk industry, the details of which have been indicated separately in their respective programme of activities.

The Community Development personnel and the Silk Industry.—The Community Project personnel can coordinate their activities with relevant Departments concerned for the promotion and success of the development schemes taken up for development of sericulture. Moriculture can be tried as a part-time and whole-time occupation of the villagers in areas having favourable conditions for growing of mulberry and rearing of silk worm. This equally applies to ericulture in areas having favourable climatic condition and supply of castor plants. Tasser and Muga silk worms are not reared but the cocoons are collected from the host trees and plants

upon which the worms breed and thrive, under care and protection of the people interested in the trade of such cocoons. Initiative can be taken up by the project personnel for organization of co-operative societies of rearers, and reelers with assistance of the technical departments for development of sericulture and ericulture and making available all technical and financial assistance rendered by the Central Silk Board. Regarding weaving of silk, tasser and eri, schemes for production on co-operative basis may be initiated on the lines of the general programme of development indicated by the All India Handloom Board and the All India Khadi & Village Industries Board (now Commission). As silk industry to a large extent is a cottage industry in India with charkha reeling, tackli spinning and handloom weaving, the Khadi and Village Industries Commission render financial assistance to silk weaving on co-operative basis and through allied organisations, as a part of their Khadi development programme. A rebate @ 18¾ per cent. on sale of such silk through their certified organisations together with financial assistance in the form of loan and other subsidies are offered to silk weavers' co-operative societies by the Commission. Regarding the Handloom Board, it may be noted that financial facilities offered under their pattern of financial assistance is also available to handloom silk industry. For silk loom, the provision of working capital has been raised to the limit of Rs. 500 per loom by the Commission and it is being considered to raise upto Rs. 1,000 per loom.

ANNEXURE 'A'

Subject: Pattern of Financial assistance for schemes for Handicrafts and Sericulture industries during 1957-58.

(i) *Development schemes.*—The Central Government will provide 100% of the non-recurring and recurring expenditure excluding the cost of lands and buildings. In regard to lands and buildings, the Government of India will examine each proposal on merits.

(ii) *Commercial schemes.*—The Central Government will provide 50% of the recurring expenditure and 50% of the non-recurring expenditure as a grant and working capital as a loan. The case for financial assistance in regard to the expenditure on lands and buildings will be examined on merits. The schemes for financial assistance for the formation of imporia will be treated as 'Commercial Schemes'.

(iii) There will be no category of schemes which are "Partly Commerical" and "Partly Developmental" adopted previously. These features will be separated and dealt with according to the pattern for developmental/commercial schemes mentioned above.

(iv) *Industrial Co-operatives.*—The Central Government will grant assistance on the following basis:—

(a) 75% of the Share Capital will be provided as a two year loan.

(b) 75% of the working capital will be provided as a 10 year loan. (This will include the cost of land and buildings and the equipment).

(c) 50% of the recurring expenditure for three years on any special supervisory co-operative staff will be provided as a grant.

2. The State Governments are required to re-land the loans to the Industrial Co-operatives at 2½% per annum. The difference between the rate of interest at which the loans are sanctioned to State Governments (4%) and the rate at which they are re-lent to assistance (2%) will be given to the State Governments as a subsidy.

(v) No pattern of assistance is being laid down for schemes for housing of artisans.

General Schemes

In addition to the schemes approved by the Central Silk Board for implementation by the States besides their normal work of maintaining the sericulture sections or the Sericulture Departments, provision of taccavi loans to the rearers, remission of revenue on land under mulberry, grants of other types of assistance both financial as well as technical, etc., it is necessary that in order to accelerate the pace of development of silk industry the Central Silk Board also implements directly such schemes as are of an all India character. These schemes will include the maintenance of the Central Sericultural Research Station, Central Sericultural Training Institute, Central Foreign Race Seed Station, establishment of a well planned Publicity Branch, participation of the Board in the exhibitions held locally or in foreign countries, participation of the Central Silk Board in International Sericultural Bodies like the International Silk Association, the International Sericultural Commission, holding of seminars and symposium of cultural and industrial value. Besides, the Central Silk Board will have to undertake market research from time to time with a view to ascertaining the changing tastes of the consumers in order to direct the production accordingly. Funds for all these items of work will come out of the Central Grants.

ANNEXURE—'B'

CENTRAL SILK BOARD, BANGALORE

Sericultural Schemes Second Five Year Plan

Participation schemes—*Ad-hoc* Allocation of funds State-wise.

(Rupees in Lakhs).

Sl. No.	State	Allocation proposed
1	Mysore	117·00
2	Madras	26·00
3	Uttar Pradesh	20·00
4	Jammu and Kashmir	57·00
5	Himachal Pradesh	6·00
6	Assam	36·25
7	Orissa	9·75
8	Madhya Pradesh	5·00
9	West Bengal	52·03
10	Bombay	3·80
11	Madhya Bharat	6·00
12	Hyderabad	5·00
13	Andhra	10·40
14	Punjab	9·90
15	PEPSU	2·50
16	Manipur	1·00
17	Bihar	28·42
18	Tripura	1·00
19	N.E.F.A.	1·00
20	Vindhya Pradesh	1·00
21	Bhopal	0·75
	TOTAL	400·00

CENTRAL SILK BOARD

Statement showing provisions made by the Central Silk Board for implementation of Schemes directly by it, including the expenditure on administration.

	Rs. in lakhs.
1. Central Sericultural Training Institute	17·29
2. Central Foreign Breed Research Station	13·44
3. Central Sericultural Research Station Berhampore (West Bengal).	39·27
4. Expenditure on administration of the Board	30·00
TOTAL	100·00

Central Silk Board, Bangalore

Sericulture Schemes—Second Five Year Plan

Statement showing State-wise provision made by the Board for working capital during the Second Five Year Plan period.

(Rupees in lakhs.)

S. No.	State	Provision suggested earlier	Provision now suggested
1	Mysore	43·25	43·25
2	West Bengal	35·00	45·00
3	Assam	10·00	20·00
4	Development of spun silk industry including establishment of spun silk mills.	..	30·00
		98·25	138·25

I. *Mysore.*

	Rupees in lakhs.
(a) Formation of Raw Silk Society	10·00
(b) Grant of subsidy and loan for sinking of wells	1·5
(c) Assistance to Filatures	22·5
(d) Modernization of Silk Reeling Industry in Mysore	8·0
(e) Loan to Cultivators	1·25
Total	43·25

II. *West Bengal.*

(a) Co-operative Society for marketing of Cocoon, Raw Silk and Silk Products.	13·00
(b) For working two State Filatures	30·00
(c) Grant of loan to cultivators	2·00
Total	45·00

III. *Assam.*

Spun Silk Mills	20·00

IV. Developments of Spun Silk Industry including establishment of Spun Silk Mills. . . . . 30·00

The Handloom Industry
and
The Functions of the All India Handloom Board

Introduction.

It is fairly well known that the handloom industry had attained a very high degree of perfection in India centuries before machine was invented to produce cloth. The handloom industry produced not only the entire clothing requirements of the country, but also exported exquisite fabrics to foreign countries, notably Egypt, Greece and Rome. The invention of the machine and the progress of industrialisation inevitably affected its fortunes to a great extent. Spinning and weaving by machines cheapened the cost of production of cloth, and machine made cloth naturally became a powerful competitor to handloom fabrics. It cannot be said that this competition was the only reason for the decline of the fortunes of the handloom industry. There have been other reasons. In several handloom centres of importance and noted for handloom craftsmanship, the industry thrived on the patronage of the nobility, ruling chiefs and the wealthy class. When this patronage declined, it affected the industry adversely. Then there was a change in the dressing habits of certain sections of our population. The handloom industry was not as resilient as it ought to be to cater the needs of these sections. Naturally, therefore, this section of the market slipped out of it. The prevalence of a complicated system of middlemen who gained control over the industry had its own share. Despite all these, it has had the intrinsic vitality to survive, and is even today the largest cottage industry of our country. As such it occupies a place of prominence in the national economy. Its place in the national economy has obviously to be judged by the number of looms, the quantum of production of cloth and the extent of the employment it provides. The number of looms was estimated at 27 lakhs at the 1901 census and at about 20 lakhs at the 1921 census, and both these figures included Burma. In 1932 the Tariff Board estimated the number at 25 lakhs, including Burma. In 1941 the Fact Finding Committee estimated the number at about 20 lakhs, excluding Burma. In 1951, the State Governments estimated the number at about 29 lakhs. The Textile Enquiry Committee appointed in 1952 estimated the number of looms at about 20 lakhs, excluding looms working on other than cotton yarn. The exact number of looms is yet to be determined. For

this purpose the Government of India issued in May 1956 an order called the Cotton Textiles (Production by Handlooms) Control Order, under which all handlooms working on cotton yarn have to be registered. The exact number of handlooms is, therefore, expected to be available, some time this year. The quantum of cloth produced by the handloom industry has varied from year to year, depending upon several factors. It reached a maximum of 1,703 million yards in 1938-39, declined to 805 million yards in 1950 and increased to 1,450 million yards in 1955. It can be said that nearly a quarter of the aggregate clothing requirements of our country is produced by the handloom industry. Apart from this, it has recently been exporting about 60 million yards of cloth per annum to foreign countries. Various estimates are available with regard to the number of people to whom the industry provides employment. The Fact Finding Committee estimated that there were 24 lakhs of weavers, both full-time and part-time. Apart from this, there were workers on auxiliary processes, who assist the weavers, and this number was estimated at about 36 lakhs. Thus they came to the conclusion that the 20 lakhs of looms in the country provided employment, full-time and part-time, to about 60 lakhs of people. Without going into these several estimates, it can be easily understood that if there are as many as 29 lakhs of looms, the number of people working in the industry will be quite considerable, for apart from the weavers who actually weave cloth on the looms, employment is provided for several people by ancillary processes like winding, warping, sizing and so on. Therefore, the information given above on the number of looms, the quantum of production of cloth and the number of people to whom it provides employment will show that the handloom industry plays a very vital role in the country's economy.

Problems of the Industry:

As already stated in the foregoing para, competition from mills and gradual impoverishment of the weavers due to such adverse effect on their trade led to the decline of the industry. They had no control over the market of finished goods and supply of raw materials. A complicated chain of intermediaries took over the control of the market of finished products and supply of raw materials to the great detriment of the well-being of the weavers. For want of capital and credit facilities at reasonable rates, the weavers in their dire necessity fell within their clutches resulting in further deterioration of the industry and their indebtedness to these 'intermediaries'. The artisans in their attempt to eke out a bare living within the iron grip of these intermediaries began to neglect the quality and standard of the fabrics with their worse re-

actions in the long run on the trade. They had no approach to the improved technique and methods of production. They had neither the financial ability nor the technical guidance and what more, no organization amongst themselves. Their problems can, therefore, be briefly described as follows:

(i) Lack of finance
(ii) Lack of marketing facilities
(iii) Lack of supply of raw materials at reasonable prices.
(iv) Lack of improved appliances, improved dyeing facilities and want of knowledge of technical improvements.
(v) Lack of standardization of fabrics and improved designs and varieties.
(vi) Unhealthy competition from the mill sector.
(vii) Absence of suitable organization.

Government Policy and assistance programme for development of handlooms:

The Co-operative and the Industries Departments of the State Governments had no doubt some programme within their limited resources to solve the problem of the handloom industry. Some assistance had however, been given from the Central Government also. But the magnitude of the problems of this biggest cottage industry with a large number of artisans dependent on it called for more systematic efforts on an intensive and extensive scale on the basis of some comprehensive plans. The Government of India, therefore, took up a bold policy of revitalizing this industry.

(i) The All India Handloom Board was established in the year 1952 to take up the task of developing the handloom industry on dustries to some extent.

(ii) An additional excise duty was levied on mill made cloth to utilize the funds to be collected for rendering necessary financial assistance largely to handlooms in addition to other cottage industries to some extent.

(iii) Restrictions were imposed on mills in the fields of production of certain varieties of cloth and some varieties of cloth have been specifically reserved for handloom industry as indicated in Appendix 'A'. A cautious policy in the matter of extension of loomage and spindleage in mechanized sector of the Textile Industry has been adopted by the Government of India, which has been of much assistance in putting a brake on the unrestrained and unhealthy competition of mills and powerlooms with handlooms. The two relevant clauses of the Textile (Control) Order of 1948 of the Government of India are quoted below by way of reference:—

12(6) "No person shall acquire or instal any powerloom except with the permission in writing of the Textile Commissioner."

12(8) "No person shall acquire or instal any spindle to be worked by power as defined in clause (g) of Section 2 of the Factories' Act, 1948 (LXII of 1948) except with the permission in writing of the Textile Commissioner."

(iv) A liberal export policy has been adopted by the Government of India to expand the foreign market of Indian Textiles including handloom cloth. There is no export duty on handloom cloth. Of course, mill made cloth exported from India has also recently been exempted from payment of duty (*vide* copies of Government notification as indicated at Appendix—'B')

(v) The Government of India and at their request many of the State Governments have adopted a policy of preference to Cottage Industries products including handlooms in matters of purchase of requirements for State purposes. The decisions taken by the Government of India in this connection are indicated at Appendix—'C'.

(vi) Concession has been granted to handloom in matters of railway freight rates, *e.g.*, the handloom cloth booked at owner's risk is charged at half the parcel rates. (Details of the procedure have been indicated at Appendix—'D').

(vii) Under the Second Five Year Plan, the Government of India have tentatively decided to earmark the largest share out of the additional requirement of 1700 million yards of cloth to handloom as indicated below:

700 million yds. to handloom with mill yarn.

300 million yds. to handloom with Ambar Charkha yarn.

200 million yds. to powerlooms.

350 million yds. to mill sector.

150 million yds. unallotted of which a considerable portion is likely to go to handloom.

All India Handloom Board:

The All India Handloom Board constituted by the Government of India (Ministry of Commerce & Consumer Industries) for the development of the handloom industry has laid down a set of general principles on the pattern of development of the industry and for attacking the common problems of the industry on all hands as referred to in the foregoing paras on a systematic and extensive

scale. Under the purview of the development programme for handloom come all types of handloom engaged in weaving of cotton cloth (other than khadi) and silk, art-silk and woolen cloth. This pattern of development envisages the organisation of the industry on cooperative lines, provision of adequate marketing facilities, standardization of handloom cloth and rationalization of the implements and methods of production. The State Governments are invited to draw up their own plan development of handloom within the framework of the general principles and pattern of development laid down by the Board and subject to the Statewise allocated limit of funds tentatively fixed for the purpose. The schemes received from the State Governments are considered and approved if they are according to general principles laid down for the purpose and recommended to the Ministry of Commerce and Consumer Industries for necessary financial assistance which may be in the form of outright grants and/or loan.

The main responsibility for conducting the development programme lies with the State Governments in the Directorate of Industries and the Cooperative Directorate jointly or separately as the case may be. The Community Project Personnel are to coordinate their activities with these Departments for success of the programme within the Blocks and Projects. They also initiate new proposals and schemes within their areas and take necessary steps to sponsor them through the appropriate Departments and the Action Committees concerned for development of handloom industry in their fields.

The Programme of Development Activities of the All India Handloom Board:

1. *Organization.*—The All India Handloom Board is quite rightly of the opinion that the first step for development of handloom industry is organization of weavers. In their view the only satisfactory way of organizing the industry is through the medium of Cooperative Societies. Hence, it is laid down that no weaver would be eligible for financial assistance unless he comes under the cooperative fold.

2. *Financial assistance towards share capital of weavers.*—As we all know, the weaver is so poor that he is not in a position to find even the small sum of money required to become a shareholder of a cooperative society. Hence, it is not enough to announce that he should come within cooperative fold. According to the present policy:—(i) where the weavers join existing Cooperative Societies, a loan up to 100% of the share value may be advanced

from the Cess fund. (ii) where weavers join new Cooperatives, a loan upto a maximum of 87½% of the share value may be advanced from Cess fund provided the value of the share is Rs. 20 and above. The balance of 12½% should be contributed by the weavers themselves. Where the share value is less than Rs. 20,25% of the share value should be contributed by the weavers and 75 % may be advanced as a loan from the Cess fund. The loans to be thus advanced will be recovered in two equal instalments. Deductions may be made from the wages of the weavers in a society so that in a year or two these deductions may amount to the value of the share enabling the society to repay the loan on shares. This step helps bringing the weavers within cooperative fold.

3. *Working capital.*—The next step after bringing the weaver within the cooperative fold is to give him continuous work all throughout the year. If the cooperative endeavour is to succeed, it has to be ensured that the societies are in a position to give work to their members throughout the year and the quantum of work given per day should be such as would enable the members to earn a minimum wage. Once this essential condition is satisfied, there should not be any difficulty in weaving the weavers from the fold of master weavers and getting them to join the cooperative movement. It is basically the uncertainity of continuous work that acts as a powerful factor for the weaver to cling to the master weaver. For this purpose, loans are advanced to the cooperative societies as working capital. The cooperative societies are expected to be production-*cum*-sales societies, that is to say, they should buy the yarn, supply it to the weavers, ask them to produce the cloth required, pay their wages, take the cloth back and market it. The working capital is made use of for buying yarn, paying wages and marketing the finished product. Government have agreed to the policy of providing working capital at the rate of Rs. 300 per loom in respect of all cotton looms brought under the cooperative fold. For silk looms, Government have agreed to provide working capital at the rate of Rs. 500 per loom.

It may also be noted in this connection that besides these direct activities of the primary cooperatives for development handloom industry, apex cooperative societies have been formed in different States to facilitate the operation of primary societies—supply of raw materials to the primary societies and market their finished products. The apex societies buy yarn in bulk from mills or mill agents to supply the same to the weavers through their societies by eliminating the middle men and thereby facilitate regular supply of yarn at reasonable prices.

For this purpose, the Reserve Bank of India is providing loans to apex societies upto 10 times of their paid up share capital under certain terms and conditions. Steps are also being taken enabling the Reserve Bank of India to provide working capital to primary and apex cooperative societies through the State Cooperative Banks.

4. **Organisational Expenses.**—The Government of India have also been sanctioning grants towards organisational expenses in connection with the development of handloom industry in different States. This is worked out at 4% of the ceiling share fixed for each State Government, subject to the actual expenditure incurred by the State Governments being equal to such 4% and subject to the State Government furnishing to the Board Secretariat monthly statistics of production, sales and stocks of handloom cloth and such other statistical information as may be required from time to time.

5. **Marketing Assistance.**—(a) *Sales Depots*:—Marketing of finished products forms the crux of the problem of the industry so to speak. Although the primary cooperative societies are in many cases working as production-*cum*-sales societies, many of them are not in a position to market their entire production. The apex societies are expected to render this help by buying the production of the primary societies and marketing it. For marketing, loans towards working capital at 10 times of their paid up share capital plus reserve fund (and building fund provided it is liquid and available) reduced by accumulated losses or upto overall borrowing limit are now available to central or apex societies. Provision has also been made for starting sales depots by the primary cooperatives or the Apex Societies. Each State is being offered grants-in-aid upto Rs. 4,000 per depot for the 1st year to meet the expenditure on running a sales depot. The sales depots to each State are generally allotted on the basis of one depot per 500 looms within the cooperative fold.

The All India Handloom Board has also set up a few regional offices and showrooms to render marketing assistance to the handloom products. With a view to developing the export market for handloom products, the All India Handloom Board has started sales depots in Colombo, Singapore, Kuala Lumpur, Bang-Kok and Aden, New depots in other countries may be opened for the purpose.

(b) *Mobile Vans.*—Mobile vans which can move from place to place to popularize and sell handloom fabrics have been put into commission and for this purpose grants are given both for the purchase of the vans and for their recurring expenditure. Till now

mobile vans were sanctioned at the rate of one van for every 75,000 looms. States which have less than 75,000 looms are also being provided with one van each subject to the condition that they have at least 20,000 looms. The marketing vans are proving very useful because of their being able to reach the rural areas and at the same time undertake publicity and propaganda. It is contemplated to intensify the efforts in this direction.

(c) *Rebate on Sales.*—Provision has been made for allowing rebate on sale of handloom cloth to consumers at rates which are fixed from time to time. The rebate works generally at As. 1½ per rupee reduced to one anna per rupee since December, 57. The main intention benind this scheme of granting a rebate on handloom cloth is to reduce the substantial difference between the handloom cloth and the mill cloth to the minimum possible so the consumers may be encouraged to go in for handloom cloth till the disparity continues to the disadvantage of the handloom industry. Efforts are being made to remove this disparity. On the one hand, it is the accepted policy of the Government that where there is competition between large scale and cottage industries, taxation should be so adjusted as to reduce the disparity as far as possible and on the other hand the old implements used by the handloom weavers are being replaced by modern ones which will result in greater production of cloth per loom per hour and thus reduce the cost price of the handloom fabric.

6. **Publicity and Propaganda.**—A certain amount of publicity for handloom cloth is considered essentially necessary, for which financial allotment is made by the Central Government on the recommendation of the Handloom Board. This publicity work is now being done by advertisements, opening of showrooms, kiosks at Rly. Stations, Air-ports and other important public places, setting up of neon-signs, erecting hoardings, participating in a large number of exhibitions and by installation of projectors in mobile vans for film shows in the rural areas, observing an All India Handloom Week every year, etc., etc. This publicity work is done partly by the State Government and partly by the All India Handloom Board.

7. **Technical Assistance to Weavers.**—To improve and increase the productive efficiency of the weavers, rationalisation of productive implements is considered essentially necessary. This will help considerably in increasing the production per loom, of improving the quality of fabric, standardisation of cloth and reduction of cost price to the great relief of the weavers and thereby place the handloom industry to its desired stature aimed at. For the purpose, financial assistance in the form of grants is given to weavers of

cooperative societies. The items of tools and implements that fall under the category of assistance are as follows:

1. Conversion of throw shuttle looms into fly shuttle looms
2. Fitting up take-up motion attachment.
3. Supply of new tools.
4. Supply of reeds.
5. Supply of Jacquards and dobbies.
6. Warp beams and sleys etc. etc.

8. **Common facilities services to weavers' cooperatives.**—The cooperative societies are given grants for provision of common facilities services like dyehouses and warping arrangements, etc., so that economies can be effected on these heads. Where there are concentrations of handloom weavers to a large extent, it is proposed to set up large-sized finishing plants consisting of arrangements for dyeing, bleaching, calendering and folding. In fact, funds have been sanctioned for setting up several plants of this nature. These are no doubt big schemes and will take some time to come into being in larger numbers.

9. **Experimental weaving units and pattern making factories.**—As it is essential not only to retain and improve the markets for traditional handloom goods, but also to keep pace with the ever changing pattern of the demand in export and domestic markets, it is proposed to encourage establishment of experimental weaving units in certain important centres which will be attached to appex cooperative societies and the production of specialised fabrics in demand in foreign countries and in the international markets. Financial assistance is also being rendered to the State Governments for setting up pattern making factories which will evolve new patterns and designs for distribution amongst the weavers' cooperative societies so as to enable them to improve the design and pattern of their fabrics and thereby enable them to cater to the needs of the changing tastes of the consuming public.

10. **Conversion of handloom factories into industrial cooperatives.**—A scheme of conversion of handloom factories into industrial cooperatives has been sanctioned on an experimental basis. Two such factories have already been converted intq industrial cooperatives in Malabar. A similar scheme has been sanctioned in Madurai. Working conditions in some of these types of factories run by the finances and capitalists in which the handloom weavers are engaged as wage-earners, are far from satisfactory. The only way in which the exploitation of the weavers in such factories can be stopped is by making the weavers partners in such ventures.

Financial assistance is therefore given to these factories if they are willing to convert themselves into industrial cooperative societies. The advantage in such conversion is that the ownership of the looms will be transferred to weavers themselves and the organisation will be a voluntary organisation of self-employed workers. Besides under the system of industrial cooperatives, the producer will have a share in profits and at the same time contributes to a revolving fund which will provide for further development. It would tend to improve the wage level by bringing about improved production. While on the one hand some of the economics of large scale production are capable of being realised, on the other they ensure pride in possession and social activities of the group which are the chief merits of small scale production. Hence, it is proposed to convert as many factories as possible into industrial cooperatives during the Plan period. For this purpose, the factories will have to be bought over with all the additional equipment where necessary, with a provision for advancing loans for working capital.

11. **Housing colonies:—**

A scheme for solution of one of the problems of the handloom industry has been started by setting up housing colonies for weavers. Assistance in the form of loans and grants is provided by the Government, for housing colonies at 66⅔ per cent loan and 33⅓ per cent grant subject to a ceiling of Rs. 3,600 per house. For ancillary facilities in the colony 100 per cent loan is given. For repairs and renovations of existing houses loan @ 66⅔ per cent and grant @ 33⅓ per cent subject to a ceiling of Rs. 1,000 in all per house according to actual cost are also admissible.

12. **Finishing plant.**—Finishing or calendering is an important aspect of the development programme of handloom industry. The weavers or the cooperatives of weavers cannot afford to acquire finishing plants necessary to give a better and attractive look to the finished products for facilitating sale. The Government of India have therefore agreed to give financial assistance for setting up finishing plants. The assistance programme is as follows:—

(a) 50 per cent loan and 50 per cent grant for the capital equipment of the 1st plant in a State and 37½ per cent loan and 37½ per cent grant for additional plant.

(b) 100 per cent loan for land and buildings.

(c) 50 per cent grant for the recurring expenditure for the 1st year.

What can the Community Project Officers do?

In areas where there are handlooms, the officers could bring the weavers into the cooperative fold. The societies could be affiliated to the apex organisation concerned. The apex organisation could help the primaries in supplying yarn and marketing part of their production. Wherever the loans are old and primitive, the project officers could get the weavers to change over to better implements. In fact, now that the handloom industry is expected to produce an additional one thousand million yards of cloth during the Second Five Year Plan period, a recommendation made by the All India Handloom Board that old looms should be replaced by frame fly-shuttle looms and financial aid for this purpose should be given, has been accepted by Government. The project executives, could get all the old looms replaced by frame shuttle looms. They could assist the cooperative societies by advising them on the varieties of cloth which they should produce from time to time. They could launch a propaganda drive on the benefits of joining the cooperative movement and inculcate the habit of thrift among weavers by asking them to contribute towards the thrift fund of the cooperative societies. Whatever common facility services are required, like dye-houses, warping arrangements, finishing arrangements etc., these could be provided. Housing colonies could be set up in suitable areas. In fact, a lot of useful work could be done to put this important cottage industry on a stable footing. Financial assistance for all the schemes mentioned in Appendix "E" will continue to be given during the period of the Second Five Year Plan, and in any case during 1956-57. From 1957-58 there may be a few changes. For instance, working capital for primary and apex societies is expected to come out of the Reserve Bank of India*. It is not known whether the scheme of rebate will continue as this is a scheme which has been introduced on a short-term basis. The other schemes will continue for the Plan period; in fact, financial assistance might be provided for several new schemes as and when they arise. The Community Project Officers (Industries) and other executive officers of the Projects and Blocks may draw up new schemes on the lines indicated above in consultation with the relevant Departments of the State Governments for development of handloom industries in their areas and arrange their routing through appropriate channels (*i.e.* Action Committees and other authorities) to All India Handloom Board for necessary consideration.

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*This Scheme has been given effect to.

APPENDIX 'A'

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

NOTIFICATION

Bombay, the 15th April 1950

No. 9(9)—Tex. 1/49.—In exercise of the powers conferred on me by clause 20 of the Cotton Textiles (Control) Order, 1948, I hereby issue the following directions:—

1.(i) These directions shall come into force on the 1st June, 1950.

(ii) Directions 9(aa), 9(b) and (c) shall be complied with by all producers who have a spinning plant. Directions 9(d) and (f) shall be complied with by all producers who have no spinning plant. The remaining directions 2 to 8, 9(a), 9(e), 10 and 11 shall be complied with by all producers, that is to say, both by producers who have a spinning plant and those have not.

(iii) If a producer satisfied the Textile Commissioner or such Officer as the Textile Commissioner may appoint in this behalf that there are sufficient reasons why such producer should be exempted from compliance with any or all of these directions or that any or all of these directions should be modified in their application to him, the Textile Commissioner or the Officer so appointed by him may, by an order in writing exempt such producer from compliance with any or all of these directions or modify any or all of these directions in their application to such producer.

(iv) These directions excepting direction No. 3 shall not apply:—

(a) to cloth manufactured for export and marked with export markings;

(b) to cloth which is produced on a powerloom in a Government Institution and which is sold as Government property; and

(c) to a producer who has less than 5 looms in his possession or under his control, but is not a producer who, whether by himself or in partnership or jointly with others, had 5 or more looms in his possession or under his control on 31st March, 1950.

2. **Dhoties.**—No producer shall produce a dhoti with borders which contain coloured yarn exceeding ¼″ width or use Zari or Muga or art silk yarn in a dhoti border.

3. **Lungies and Gamchas.**—No producer shall produce any Lungi, Sarong or Gamcha with a check pattern or any cloth with a check pattern and having a width between 42″ and 52″ from which Lungis, Sarongs or Gamchas may be made:

Provided that nothing in this direction shall apply to the production of bed ticking cloth or gadlapat cloth (i) which has no coloured or white patti border (ii) which is made of warp and weft counts not higher than 18s; and (iii) which has a reed and picks not higher than 48 and 44 respectively.

4. **Chaddars, Bed Sheets, Bed Covers and Counterpanes.**—(i) No producers shall produce any checked or striped chaddar.

(ii) No producer shall produce any bed sheet with coloured woven borders lengthwise or breadthwise.

(iii) No producer shall produce any Bed cover.

(iv) No producer shall produce any counterpane other than one having overall dobby or jacquard desings.

Explanation.—In this direction—

(a) "Chaddar" means any piece of cloth which is normally called by that name and which is used as in West Bengal for covering the body like a shawl;

(b) "Bed Sheet" means any piece of grey or bleached cloth which may be used for spreading over a bed and includes sheeting;

(c) "Bed Cover" means any outer covering of a bed which is not a counterpane as defined below and which has a decorative or coloured effect;

(d) "Counterpane" means any outer covering of a bed woven in raised figures.

5. **Low Reed Pick Cloth.**—No producer shall produce any cloth specified in sub-paragraphs (i), (ii) and (iii) below:—

(i) cloth in group V, with reed and picks less than 36 and 32 respectively;

(ii) cloth in groups VI, VII and VIII, with reed and picks less than 40 and 36 respectively;

(iii) cloth in group IX and above, with reed and picks less than 44 and 40 respectively;

(iv) nothing in this direction shall apply to:—

(a) dhoties and sarees.

(b) sucies.

(c) mosquito netting cloth.

(d) leno cloth.

(e) mesh cloth.

(f) dyed and printed cloth.

Explanation:—The expression "group" or "groups" mentioned above has reference to the cloth group or groups specified in Schedule II to the Textile Commissioner's Notification No. TCS. 1/20 dated 22nd September 1949.

6. **Table cloth and napkins:**—No producer shall produce any table cloth or napkin other than one of damask bleached quality.

7. **Dusters.**—No producer shall produce a duster or duster cloth or wiper cloth or glass cloth.

8. **Coarse cloth of plain weave.**—No producer shall produce cloth of plain weave with warp or weft counts 8s and below.

9. **Sarees.**—(a) No producer shall produce any saree with borders exceeding 2½″ in width or use real or imitation zari in a saree border.

(aa) No producer who has a spinning plant shall produce a saree with border of ¾″ or less in width and containing coloured yarn in its border unless he has previously sent to the Textile Commissioner a sample of such cloth of the dimension of 6″ ×6″ and has received the Textile Commissioners' approval of such sample for bulk manufacture.

(b) No producer who has a spinning plant shall use gold coloured art silk yarn in a saree border.

(c) No producer who has a spinning plant shall use any coloured yarn in the body of a saree except in a heading thereof.

(d) No producer who has no spinning plant shall produce a saree with a stripped or check pattern in which coloured yarn is used.

(e) No producer shall produce any saree with a heading more than 9″ in width.

(f) No producer who has no spinning plant shall produce any saree in which the count of yarn is below 36s (whether warp or weft and whether single of folded).

Explanation I.—For the purposes of this direction, any type of muls, voiles and dories each such item having a width between 37″ and 54″ (inclusive) shall be considered as sarees.

Explanation II.—The term "heading" in paragraph (e) of this direction, means heading woven with coloured of grey yarn, and includes printed heading.

10. **Towels.**—No producer shall produce towels or towelling cloth in honey-comb weave.

11. No producer shall produce any mashru cloth, that is to say, cloth in satin weave with silk or rayon warp end cotton weft and having characteristic coloured stripes.

T. P. BARAT,
Textile Commissioner.

Item No.	Name of article.
6.	Cloth—"Cloth" means cloth of any description manufactured either wholly from cotton or partly from cotton and partly from any other substance and containing not less than ten per cent of cotton by weight, but does not include— (i) Cloth of handloom manufacture; (ii) Superfine and fine cloth, that is to say, cloth in which the count of warp yarn (whether single or folded) is 35s or finer; and (iii) Furnishing fabrics, hosiery, apparel, blankets. bed-covers, towels, dusters and napkins.

APPENDIX 'B'

Notification No. 27, dated 15th May, 1956.

CUSTOMS

No. 27.—In exercise of the powers conferred by section 23 of the Sea Customs Act, 1878 (VIII of 1878) as in force in India, and is applied to the State of Pondicherry, and in supersession of the Notification of the Government of India in the Ministry of Finance (Revenue Division) No. 89-Customs, dated the 11th May, 1955, the Central Government hereby exempts cloth exported from India or the State of Pondicherry and falling under item No. 6 of the Second Schedule to the Indan Tariff Act, 1934 (XXXII of 1934) from the whole of the duty of customs leviable thereon under the latter Act.

Sd. JASJIT SINGH,

Deputy Secy., to the Govt., of India.

APPENDIX 'C'

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

No. PUR-15(1)/55 *New Delhi, dated the 19th March, 1956*

OFFICE MEMORANDUM

SUB: *Limiting certain items of cloth requirements of Government of Khadi/Handloom Products*

The undersigned is directed to refer to the Ministry of Commerce and Industry O.M. No. 26(23) C.T./55, dated the 4th Feb., 1956, on the above subject, and to say that the price preference and relaxation in specifications granted in this Ministry's Resolution No. PUR-1-4(I) dated the 20th June 1952 would apply to Khadi and Handloom Products, which are Cottage Industry Products. In this connection, attention is also invited to para 2 of this Ministry's Office Memorandum No. PUR. 19/recom. 19/55 dated 7-12-1955 (copy enclosed for ready reference), wherein it has been decided that Cotton Industry Products should be purchased in preference to the products of Small-scale Industries, when other conditions are equal and that other things being equal 'Cooperatives' should be encouraged but no special price preference should be given.

(Sd.) J. S. MONGIA,
Under Secy., to the Govt., of India.

To

The Ministry of Commerce and Industry, New Delhi.

Copy with a copy of C. & I. Ministry's Office Memorandum under reply to:—

1. D.G.S. & D., New Delhi.
2. Director of Supplies (Textiles), Bombay.

(Sd.) J. S. MONGIA,
Under Secy., to the Govt., of India.

COPY OF MINISTRY OF WH&S O. M. NO. PUR-19/RECOM. 15/55 25-7-1955 TO D.G.S.&D., NEW DELHI WITH COPIES ENDORSED TO ALL MINISTRIES OF THE GOVERNMENT OF INDIA ETC. ETC.

SUB: *Price preference for indigenous products over imported stores.*

The stores Purchase Committee appointed by the Government to examine the working, organisation, policy and procedure of the Central Purchase Organisation, has in its Report, made the following recommendations:—

> "Government's purchase policy should in our view admit generally a price preference upto 15 per cent to indigenous products over the imported goods, including customs duty. We have also carefully considered whether industries protected through tariff or otherwise should enjoy this preference and have come to the conclusion that such industries should not be excluded from the purview of this policy. The preference margin should be increased to 25 per cent for certain specified classes of stores thores, where admittedly the indigenous industry is not in a position to compete with foreign manufacturers within the general limit of 15 per cent because of low imported duties, of small turnover, or higher costs of raw materials and components etc. A list of such items should be specified. Price preference even in excess of 25 per cent should not be ruled out for lines of manufactures where unfair competition is feared, or where special development is required, if the Government is convinced of its justification. However, in respect of lines of manufacture which are the monopoly of a single firm, or a group of firms, the degree of price preference to be given may be subject to examination of costs of manufacture by Governments, where considered necessary."

2. This recommendation of the Committee is in accord with the Government's policy relating to stores purchases and the Government of India have accordingly accepted it. They, however, consider that the procedure suggested by the Committee should be adopted in a manner so as not to encourage inflation of existing prices of indigenous goods or result in inducing a sense of complacency in regard to the need for improvement of efficiency and in economy in production. The quantum of price preference will vary

from store to store and each case will have to be decided on its merits in consultation with the Ministry of Finance.

3. Purchase Officers will decide cases of price preference falling within their purchase powers in consultation with associated Finance within the general limits of 15 per cent or 25 per cent in respect of specified items, as the case may be. The list specified items is being drawn up in consultation with the Development Wing of the Commerce and Industry Ministry. All cases involving price preference above these limits will require the approval of the Ministry.

4. In respect of lines of manufacture which are the monopoly of a single firm or a group of firms, or where a significant increase over the last purchase price not explained by a corresponding increase in price of material or labour charges is being asked for, it would be necessary that before allowing any price preference, the reasonableness of the offer is determined with reference to the actual cost of production plus a reasonable margin of profit. In such cases the indigenous manufacturer should be asked to accept the order on the basis of actual cost plus a reasonable fixed margin of profit, but to avoid delay in the placement of the order and supply of stores the price quoted by the manufacturer may be accepted as a ceiling subject to adjustment after necessary cost check.

5. The fact that the price preference has been given should be specified in the acceptance of Tender and the Inspector should be required to certify that the stores offered and inspected are of indigenous origin.

6. In order to ensure that cases of price preference received due consideration, before an indigenous offer is passed over in favour of an imported article, the approval of the head of the Purchase Organisation will be necessary, who will satisfy himself that purchases of an imported store is inescapable having regard to the need to develop indigenous manufacturing capacity.

7. As the exact degree of price preference required for the development of various industries must necessarily depend on the progress made by each towards establishing regular production on an economic basis, the margin of price preference allowed to various industries should be kept in constant review having regard to the period during which such industry has been in existence and the level of efficiency it has attained. Further, as recommended by the Stores Purchase Committee, the whole policy of price preference should be reviewed in the light of experience gained after a period of five years.

(Sd.) T. C. PURI,
Joint Secy. to the Govt. of India.

DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS

(Coordination supplies Section IA)

ROUTINE NOTE No. 1483 Part I.

New Delhi, dated 4th July, 1952.

SUB: *Recommendation of the Planning Commission for utilising stores manufactured by the Cottage and Small Scale Industries and Government of India's policy in regard to the same.*

A copy of Govt. of India Ministry of W.H. & S. Resolution No. Pur-1-4(1), dated 20th June, 1952 on the above subject is reproduced below for information and guidance of all supplies officers and sections:—

RESOLUTION

"No. Pur-1-4(1). The Government of India recognise the importance to the national economy of cottage and small scale industries and the scope they offer for millage and cooperative enter-prize and for the rehabilitation of displaced persons. The Planning Commission in the draft of the first five year plan have observed that the stores Purchase Policy of the Government could be effectively utilised for developing cottage industries and recommended that it should be an object of policy to encourage as far as possible by State purchase the production and utilisation of cottage industries products. The question of the manner and the extent to which preference should be given to handspun and handwoven materials and other products of cottage and small sacle industries has been under consideration of the Govt. of India and the following decisions have been taken.

(i) Where basic considerations like quality, delivery datas etc. are comparable the products of cottage and small scale industry, will be given preference over products of other manufacturers in purchase for Government requirements.

(ii) In the case of items in which cottage industry has advantages over large scale industry, or has established itself as a supplier to Government on competitive terms, such preference will extent to orders being placed with cottage and small scale industry to the fullest possible extent before orders are placed with large scale industry.

(iii) In the case of other products, a price advantage and suitable relaxation as regards specifications, which are difficult to attain, will be given on the circumstances and merits of each case.

(iv) All cases in which it has not been possible to give preference to the products of cottage and small scale industries will be reviewed periodically go ensure that due effect is given to Government's decision.

(v) Preference as regards price should normally be given only to offers made by cottage and small scale industry through a co-operative Society or through an agency approved by the Ministry of Commerce and Industry. For the purpose of such approval, the Ministry of Commerce and Industry would consult the State Governments and approve if only such agencies as are genuinely interested in the welfare of cottage industry and work on a non-profit making basis.

(vi) Price preference should not be withheld from cottage industry products only for the reason that purchase is made from (middleman if it is clear the such middleman is a traditional employer, *e.g.*, a Master Weaver or a Master Cobbler.)

ORDER

Ordered that a copy of this Resolution be communicated to all concerned and it be published in the Gazette of India.

Sd/- J. S. MONGIA,
Dy. Director of Cdn. Supplies.

APPENDIX 'D'

CENTRAL RAILWAY
OFFICE OF THE
CHIEF COMMERCIAL SUPERINTENDENT
VICTORIA TERMINUS, BOMBAY

No. C 638-R-40. D. Dated 17/18th December 1956.

The Assistant Director (Control),
Wittet Road, Ballard Estate,
Bombay.

Dear Sir,

Re: Extent of Concession in Railway freight for handloom cloth.

Ref: Your letter No. TCS.I/219 B of 13th December 1956 addressed to Goods Supdt., Wadi Bunder and your letter No. TCS. I/219 B of 14th December, 1956 addressed to this office.

With reference to your above, I have to advise you that handloom products including 'Khaddar' are classified as Piecegoods, Cotton etc., *vide* page 219 of I.R.C.A. Goods Tariff No. 29 of 1954. General Classification and basis of charge by goods train for the same are given below: —

Articles	*General Classification.*	*Basis of rates. pie per maund per mile.*
Piecegoods, cotton woollen or artificial silk, with or without common metal etc.,	10. R. R.	1·07 for the first 300 mile ·90 for the next 300 mile ·71 for distances beyond
pressed packed etc., and *all handloom products including 'Khaddar' not press packed.*	9 O. R.	·99 for the first 300 mile ·84 for the next 300 mile ·66 for distances beyond.

In addition to the rates per maund calculated on the above basis and rounded off to the next higher pie, terminals (8 pies per maund at each end), short distance (6 pies per maund for distance less than 75 miles subject to differential rules as to distance) and transhipment (3 pies per maund for each break of guage will be levied as per Rules 70, 71 and 72 at pages 27 and 28 of I.R.C.A. Goods Tariff No. 29 of 1954. In the case of traffic in smalls, *i.e.*, consignment weighting less than 20 maunds a surcharge of 6¼% of freight will be levied. A supplementary charge of one anna in the rupee on the total freight of each consignment (inclusive of surcharge where leviable) will also be levied in addition. This supplementary charge is not leviable on consignment of "Khadi".

Handloom cloth booked as parcels at Railway Risk will be charged at the following basis of rates on through distance:—

3 pies per maund per mile for the first 100 miles.

2 pies per maund per mile for the next 100 miles.

1½ pies per maund per mile for the next 600 miles.

1 pie per maund per mile for the distance beyond subject to a maximum charge for 1550 miles.

A terminal charge of 16 pies per maund *i.e.*, 8 pies at each end is leviable in addition.

Handloom cloth parcels booked at Owner's Risk are charged at Half Parcels rate. The basis of Full Parcels rate are as under:—

4 pies per md. per mile for the first 100 miles.

3 pies per md. per mile for the next 100 miles.

2 pies per md. per mile for the next 500 miles.

1½ pies per md. per mile for the distance, beyond subject to a maximum charge for 1550 miles.

A terminal charge of 16 pies per md. that is 8 pies at each end is leviable in addition.

A supplementary charge of one anna in the rupee on the total freight of each consignment will be levied in addition in both the cases. This supplementary charge is not leviable on consignments of "Khadi".

Yours truly,

Sd/-

Chief Comml. Supdt.

APPENDIX 'E'

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES
ALL INDIA HANDLOOM BOARD

BOMBAY.

Sub:—*Financial assistance from the Cess Fund for the development of the Handloom Industry.*

Assistance is admissible to looms working on cotton, silk, art-silk and wool, but is confined to those which are already organised or which are proposed to be organised under the co-operative fold.

LOANS.

2. Assistance admissible for the following schemes is in the shape of loans:—

Share capital.

(i) 100% of the share value for weavers joining EXISTING societies.

(ii) 87½% of the share value if it is Rs. 20 or higher for weavers joining NEW societies.

(iii) 75% of the share value if it is less than Rs. 20, for weavers joining NEW societies.

Working capital to.

(i) *Primary societies for production.*

(a) Rs. 300 per cotton loom.

(b) Rs. 500 per silk loom.

(c) Rs. 300 per art silk/wool loom.

(ii) *Apex societies for marketing.*

10 times their paid-up capital plus reserve fund plus building fund (if liquid) less accumulated losses.

(iii) *Sales depots run by State Governments.*

Rs. 15,000 per depot.

(iv) *Mobile vans, pattern making factories and dye-houses.*
On merits.

(v) *Industrial co-operatives of cotton looms.*

(a) 75 per cent of the share value.

(b) Rs. 400 per loom towards working capital.

(c) 100 per cent of the cost of equipments.

GRANTS

3. Assistance in the shape of grant upto specified ceilings for some schemes and upto full cost for certain others is admissible as detailed below:—

REBATE: A rebate upto 2 annas in the rupee in Bombay State and upto 1½ annas in the rupee in other States is admissible on wholesale and retail sales subject to certain conditions. A rebate of 1 anna in the rupee is admissible on sales for export, subject to certain conditions. [Rebate reduced to one anna per rupee on all sales since December, 1957].

MARKETING SCHEMES.

(i) Sales depots with a State.—Rs. 4,000 for the first year.

(ii) Inter-State sales depots—Rs. 15,000 for the first year.

(iii) Mobile vans.

(iv) Central dopots for stocking goods.—Rs. 6,000 for the first year.

(v) Subsidy to multi-purpose co-operative societies and co-operative stores for selling handloom cloth.—Rs. 600 per annum subject to certain conditions.

LOOM ACCESSORIES.

(i) Conversion into frame loom—Rs. 218 each.

(ii) Warping frames—Rs. 20 each.

(iii) Warping machines—Rs. 500.

(iv) Warping drums—75 per cent of actual cost.

(v) Semi-automatic/pedal looms—100 per cent of actual cost.

(vi) Jacquards—300 (50 per cent grant and 50 per cent loan).

TECHNICAL AND OTHER SCHEMES.—Full expenditure is admissible for the following:—

(i) Dye houses.

(ii) Pattern making factories.

(iii) Quality control.

(iv) Publicity & Propaganda.

(v) Purchase of samples for supply to prospective customers.

TRAINING SCHEMES.—Part of the expenditure is admissible.

(i) Training of employees of apex and primary societies.

(ii) Training in salesmanship to employees of sales depots.

(iii) Training of supervisory staff in technical matters of the industry.

(iv) Transport charges on yarn (to States like Assam, Manipur, Tripura).

MISCELLANEOUS ITEMS.

(i) Running expense of NES production societies registered in 1953-54 and after—Grant of Rs. 100 or Rs. 50 admissible under certain conditions.

(ii) Educative tours of weavers—50 per cent of the actual expenditure subject to Rs. 100 per weaver.

(iii) Recurring expenditure for the second year of working of continuation schemes, *e.g.* sales depots, mobile-vans, dye houses—75 per cent of the recurring expenditure for the first year.

(iv) Appointment of hawkers--50 per cent of the actual expenditure or Rs. 50 per month whichever is less per hawker (Sanctioned as a pilot scheme).

LOANS AND GRANTS

4. Assistance in the shape of loans and grants is admissible for the following schemes:—

(i) *Housing colonies*:

(a) 66-2/3 per cent loan and 33-1/3 per cent grant subject to a ceiling of Rs. 3,600 per house.

(b) 100 per cent loan for ancillary facilities.

(c) Repairs and renovation of Houses (ceiling Rs. 1,000) 66-1/3 loan and 33-1/3 grant.

(ii) *Finishing plants*:

(a) 50 per cent loan and 50 per cent grant for capital equipment for the 1st Plant in a State and 37½ loan and 37½ per cent for land and building.

(b) 100 per cent for land and building.

(c) 50 per cent grant for recurring expenditure for 1st year.

(iii) *Research*:

(a) 100 per cent grant for capital equipment.

(b) 100 per cent loan for land and building.

(c) 100 per cent grant for recurring expenditure for 1st year.

(d) 50 per cent grant for recurring expenditure for 2nd year.

Statements showing the amounts sanctioned by the Government of India for different handloom development schemes from September, 1953 to 31st March, 1956 and Expenditure incurred thereon upto 31st March, 1956.

Sl. No.	Scheme	Amount sanctioned: Loans	Amount sanctioned: Grants	Amount sanctioned: Total	Expenditure incurred: Loans	Expenditure incurred: Grants	Expenditure incurred: Total
1	2	3	4	5	6	7	8
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1	Share capital of weavers	56,60,225 12 0	...	56,60,225 12 0	44,83,052 5 0	...	44,83,052 5 0
2	Working capital of weavers' co-operative societies	4,52,16,460 0 0	...	4,52,16,460 0 0	4,10,56,051 8 0	...	410,56,051 8 0
3	Working capital for sales depots	6,44,000 0 0	...	6,44,000 0 0	3,62,998 15 0	...	3,62,998 15 0
4	Working capital for purchase of goods to be sold by Mobile Vans	3,35,000 0 0	...	3,35,000 0 0	2,52,375 0 0	...	2,52,375 0 0
5	Organisational expenses	...	16,26,374 0 0	16,26,374 0 0	...	17,76,164 5 3	17,76,164 5 3
6	Sales depots	...	59,30,684 0 0	59,30,684 0 0	...	38,99,450 6 3	38,99,450 6 3
7	Mobile Vans	...	13,21,516 0 0	13,21,516 0 0	...	10,86,302 2 9	10,86,302 2 9
8	Rebate of sales of handloom cloth	...	1,81,88,566 0 0	1,81,88,566 0 0	...	2,27,17,420 5 8	2,27,17,420 5 8
9	Conversion of throw shuttle looms into fly shuttle looms	...	11,49,750 0 0	11,49,750 0 0	...	10,67,232 5 0	10,67,232 5 0
10	Provision of take-up motion attachments	...	20,94,700 0 0	20,94,700 0 0	...	14,01,735 11 0	14,01,735 11 0

1	2	3	4	5	6	7	8
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
11	Warping frames . . .	...	20,200 0 0	20,200 0 0	...	16,981 6 0	16,981 6 0
12	Sleys with warp beams, cloth rollers etc. . . .	...	5,38,675 0 0	5,38,675 0 0	...	2,64,056 6 0	2,64,056 6 0
13	Reeds (Standard iron bamboo etc.)	...	9,51,660 0 0	9,51,660 0 0	...	5,36,132 3 6	5,36,132 3 6
14	Looms fitted with jacquards	1,06,590 0 0	1,05,590 0 0	2,12,180 0 0	72,120 0 0	73,012 0 0	1,45,132 0 0
15	Self leasing verteal warping machines	1,12,600 0 0	2,13,300 0 0	3,25,900 0 0	...	74,743 3 0	74,743 3 0
16	Dhobbies	...	3,48,400 0 0	3,48,400 0 0	...	1,35,018 13 9	1,35,018 13 0
17	Yarn testing machine . .	...	1,000 0 0	1,000 0 0	...	1,000 0 0	1,000 0 0
18	Cloth testing machine . .	...	5,000 0 0	5,000 0 0	...	...	...
19	Warping drums . . .	...	74,763 8 0	74,763 8 0	...	66,787 12 0	66,787 12 0
20	Varnished healds . . .	...	10,43,450 0 0	10,43,450 0 0	...	6.75,816 4 6	6,75,816 4 6
21	Purchase ^f samples . .	...	1,91,550 0 0	1,91,550 0 0	...	1,29,794 0 9	1,29,794 0 9
22	Publicity & Propaganda .	...	7,10,440 0 0	7,10,440 0 0	...	5 69,827 8 0	5,69,827 8 0
23	Collection of statistics . .	...	3,54,352 0 0	3,54,352 0 0	...	2,04,017 6 3	2,04,017 6 3
24	Semi automatic pedal looms .	52,500 0 0	9,02,440 0 0	9,54,940 0 0	50,903 0 0	...	2,64,157 14 0
25	Research (Equipment) therefor designs	...	2,64,193 13 0	2,64,193 13 0	...	1,70,481 5 0	1,70,481 5 0
26	Award of prizes . . .	...	1,11,733 0 0	1,11,733 0 0	...	83,771 7 3	83,771 7 3

27	Dye houses, mobile dyg. units, etc.	3,82,390 0 0	21,09,522 0 0	24,91,912 0 0	3,07,906 5 9	10,92,539 10 3	14,00,446 0 0
28	Pattern making factories	12,000 0 0	7,54,931 0 0	7,66,931 0 0	12,000 0 0	3,23,814 5 9	3,35,814 5 9
29	Inspection & Stamping (quality control)	...	2,36,542 0 0	2,36,542 0 0	...	1,15,559 4 3	1,15,559 4 3
30	Standardisation	...	89,718 0 0	89,718 0 0	...	69,081 3 0	69,081 3 0
31	Subsidy on transport of yarn	...	42,250 0 0	42,250 0 0	...	29,175 0 0	29,175 0 0
32	Finishing & Calendering plant	10,83,045 8 0	11,42,911 8 0	22,25,947 0 0	1,64,740 11 0	3,47,162 7 0	5,11,903 2 0
33	Co-op. Spinning Mills	20,00,000 0 0	58,551 9 0	20,58,551 9 0	...	58,551 9 0	58,551 9 0
34	Purchase of raw materials for demonstration parties	10,000 0 0	1,75,086 10 0	1,85,086 10 0	10,000 0 0	72,183 15 3	82,183 15 3
35	Appointment of designers, tracers etc.	...	26,350 0 0	26,350 0 0	...	2,110 0 0	2,110 0 0
36	Appointment of Inspectors of co-operative societies	35,000 0 0	1,76,531 0 0	2,11,531 0 0	...	1,04,896 4 0	1,04,896 4 0
37	Himro fabrics	...	5,914 0 0	5,914 0 0	...	...	...
38	Reduction of cost of art textiles.	...	35,624 0 0	35,624 0 0	...	46,731 0 0	46,731 0 0
39	Model weaving centres	1,10,126 8 0	44,541 8 0	1,55,268 0 0	1,15,726 8 0	20,718 8 0	1,36,445 0 0
40	Working capital to apex societies for marketing of handloom cloth	1,13,31,400 0 0	...	1,13,31,400 0 0	1,22,63,359 0 0	...	1,22,63,359 0 0
41	Assistance to weavers to purchase looms	30,700 0 0	...	30,700 0 0	...	...	...
42	Inter-State depots	...	3,25,330 0 0	3,25,330 0 0	...	1,32,020 4 0	1,32,020 4 0
43	Conversion of hand-loom factories into Industrial Co-operatives	1,54,540 0 0	...	1,54,540 0 0	1,12,302 8 0	...	1,12,302 8 0

1	2	3	4	5	6	7	8
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
44	Housing colony for weavers .	20,000 0 0	50,625 0 0	70,625 0 0	20,000 0 0	50,625 0 0	70,625 0 0
45	Additional equipment for Govt. Workshop for manufacture of weaving appliances & textiles accessories etc. . .	...	4,150 0 0	4,150 0 0	...	4,130 0 0	4,130 0 0
46	Opening of a training centre for training of employees .	...	28,325 0 0	28,325 0 0	...	4,050 12 0	4,050 12 0
47	Appointment of hawkers .	...	25,200 0 0	25,200 0 0	...	1,950 0 0	1,950 0 0
48	Subsidy to multi-purpose co-op. society for sale of hand-loom cloth . . .	...	1,54,400 0 0	1,54,400 0 0	...	...	...
49	Shuttles, charkhas. pirns etc. .	...	238 0 0	238 0 0	...	...	...
50	Establishment of production centres	35,000 0 0	15,560 0 0	50,560 0 0	...	...	...
51	Training of artisans in pattern making jacquards setting & weaving intricate designs etc.	...	2,000 0 0	20,000 0 0	...	...	...
52	Old development fund .	...	29,903 8 0	29,903 8 0	...	...	...
	TOTAL . .	6,73,32,177 12 0	4,17,00,538 0 0	10,90,32,715 12 0	592,83,535 12 9	3,76,38,299 0 5	969,21,834 13 [illegible]

APPENDIX 'E'

ALL INDIA HANDLOOM BOARD

General Principles

General Principles laid down by the All India Handloom Board and its Standing Committee for guiding (i) the State Governments to draw up schemes for the development of the Handloom Industry engaged in weaving fabrics from cotton, art silk, woollen and silk yarn (ii) the Joint Development Commissioners-*cum*-Deputy Textile Commissioners (Handlooms) and (iii) the Handloom Board Secretariat to examine and recommend them to the Government of India for sanction.

"NOTE"

1. None of the provisions of the general principles should be given effect to by State Governments till specific schemes are put up by them to the All India Handloom Board and sanctioned by the Government of India.

2. General Principles which have been accepted by the Government of India without any modification are marked with an "asterisk".

3. General Principles which have been accepted by the Government of India in a modified form are with the mark &. The modified form in which they have been accepted are separately given on p. 20.

4. General Principles which are still under Government of India's consideration are shown with the mark $.

5. General Principles which the Government of India could not accept are shown with the mark @. (Schemes falling under this category will not be considered for sanction).

6. This is issued on 13-2-1957 and includes all General Principles laid down upto the 8th Meeting of the Handloom Board and 23rd Meeting of the Standing Committee.

Bombay, 8-3-57.

LOANS

Share Capital of Weavers: (a) Assistance for the provision of share capital of co-operative societies should be in the nature of interest-free loans.* [All Loans now interest bearing].

(b) Loans for share capital may be made each year to not more than 25 per cent of the weavers who are outside the co-operative fold in a State*

(c) From the financial year 1955-56, onwards, any weaver who joins a co-operative society, irrespective of whether it is an existing or a new co-operative society, should contribute from his own resources a minimum of 12½ per cent of the share capital. A maximum of 87½ per cent of the share capital may be advanced as a loan from the cess fund. Such loan should be recovered from the weaver in suitable instalments &.

(d) The qualification for membership of a co-operative society should ordinarily be the possession of a loom. Exception may be made in special cases, as, for instance, in Sholapur and Malabar Districts where a large number of looms are under master-weavers or in Karkhanas.*

Note: There would be no objection to persons engaged in, preparatory processes being enrolled as members of weavers' co-operative societies though they may not possess looms, provided that they are employed by the societies and not by individual weavers. No financial assistance will be admissible from the cess fund to enable them to become members of co-operative societies.

(e) The discretion may rest with the States as to the amount of share capital of a weaver or of a society. No uniform standard need be laid down by the Board for this purpose. In the case of the silk handloom industry, however, the minimum share-holding of a weaver should be Rs. 100, the contribution from his own resources, and the loan from the cess fund being in the same ratio as mentioned in (c) above.*

(f) The aim should be to secure that weaver-members of co-operative societies market their cloth only through the co-operative societies.*

(g) No assistance will be admissible from the cess fund for increasing the share capital of members of existing co-operative societies.*

(h) Wherever there is concentration of the silk handloom industry (*i.e.* 50 active looms or more in a compact area), separate co-operative societies of silk handloom weavers should be formed. In areas where the number of active silk looms is below 50, there would be no objection to organising such weavers in existing co-operative societies for cotton handloom industry, subject, of course, to the contribution of enhanced share capital and working capital applicable for the silk handloom industry.*

(i) In societies where there are silk handloom weavers and other weavers as members, the State Governments should ensure that no members get simultaneously the benefits of the financial

assistance applicable for cotton handloom industry and for silk handloom industry.*

(j) Existing societies of silk handloom weavers and/or societies of silk handloom weavers to be formed afresh should not work for the setting up of a separate apex organisation in any State, and the State Governments should ensure that those societies are affiliated to the existing apex weavers' organisation.*

(k) The All India Handloom Board will be concerned only with that part of the silk handloom industry using charkha silk but which has not received recognition from the Sarwa Seva Sangh as Khadi Producing Institution, and the silk handloom industry using filature silk or a mixture of charkha and filature silk.

2. Working capital of weavers' co-operative societies:—

(a) The allocation of funds for working capital of co-operative societies should be in the nature of interest-free loans.* [Now all loans interest bearing].

(b) Loans for the working capital of looms working on cotton yarn should be admissible up to a maximum of Rs. 300 per loom. Looms which were within the co-operative fold prior to the introduction of the cess fund schemes and looms within yearn distribution societies should also be admissible for this loan: provided that they undertake to become production-*cum*-sales societies and utilise the loan for that purpose. &

(c) Loans for working capital of looms working on art-silk and wool should not exceed Rs. 300 per loom irrespective of whether the loom is already within the co-operative fold or to be newly brought into it.*$

(d) Loans for working capital of looms working on silk should be admissible upto Rs. 1,000 per loom. &

3. Procedure for utilisation of loans sanctioned for weavers' co-operative societies: Where State Governments feel that they will not be in a position to disburse directly through the Co-operative Department the loans granted from the cess fund for the working capital of new members-weavers, they may be permitted to utilise the services of the State Co-operative Bank and Central Co-operative Bank for the purpose of advancing loans to the weavers' co-operative societies subject to the following conditions.*

(i) The entire amount of the loan sanctioned may be made available interest-free to the co-operative banks

through the State Government in instalments depending on the number of additional looms that have actually joined the co-operative fold and the rate at which the loan for working capital was determined.

(ii) Co-operative banks will utilise the amount so made available towards augmenting the existing credit facilities made available by them to the weavers' co-operative societies. The Registrar of Co-operative Societies should ensure that the volume of credit available to weavers' co-operative societies as it stood on the 31st December, 1953 from out of the resources of State Co-operative financing organisations is not reduced. In other words, the total credit now made available should be the former amounts plus the loans granted from the cess fund.

(iii) All outstanding or future loans granted to weavers' co-operative societies bear interest at a maximum of 4 per cent, instead of existing lending rate by the co-operative banks, whether from out of the funds referred to above or from their own resources.

(iv) Co-operative banks will be held responsible to the State Government for the repayment of loans advanced by the State Government.

(v) The State Co-operative Bank may lend to Central Co-operative Banks at a maximum rate of 2 per cent and the Central Co-operative Banks may lend to weavers' co-operative societies, keeping of maximum margin of 2 per cent. The margin of the Central Banks may be increased provided the rate of interest to be charged to a weavers' co-operative society does not exceed 4 per cent.

(vi) The State Co-operative Bank should refund immediately to the State Government any instalment or portion of instalment amounts advanced which remain undisbursed for any reason whatsoever.

(vii) The co-operative societies should submit quarterly statements of the stocks held by them to the co-operative banks and to the Registrar of Co-operative Societies.

4. Loans to Central Weavers' Co-operative Societies for marketing handloom cloth produced by the Primary Societies. The grand financial assistance from cess fund to Central Societies for purposes of

(ii) Working capital of co-operative societies.—10 equal annual instalments. [Now Working Capital loan for production and marketing given by the Reserve Bank will be repayable in 12 months].

(iii) Working capital of apex societies for marketing of handloom cloth.—10 equal annual instalments.

(iv) Working capital of sales depots, inter-state sales depots, mobile vans and dye houses.—5 equal annual instalments.

(v) Calendering plants.—10 equal annual instalments.

(vi) Co-operative spinning mills and land and building for calendering plants—20 equal annual instalments.

(vii) Housing colonies.—25 equal annual instalments.

The first instalment of the repayment of the loans should commence two years after the disbursement of the loans by the State Governments to the ultimate beneficiaries concerned, except in the case of share capital of weavers where repayment of the first instalment should start immediately after the loan was disbursed to societies.

11. *Construction of sheds for wool weaving.*—Loans will be admissible for the construction of sheds for wool weaving to the extent of 75 per cent of the cost, the balance 25 per cent being met by the State Government or the weavers' co-operative society concerned. No shed should contain more than 5 looms installed in it.*

GRANTS

12. *Organisational Expenses.*—Organisational expenses will be admissible at the rate of 4 per cent. on the total loans and grants sanctioned to a State, reduced by the amount specifically provided for staff (as, for instance, sales depots, mobile vans finishing plants, etc.).

13. *Apex weavers' Co-operative Societies.*—(a) No separate financial aid will be admissible to apex societies for administrative expenditure connected with the implementation of handloom development schemes as such expenditure should be met from the grant for Organisational expenses.*

(b) Assistance on merits will be admissible for the non-commercial activities of apex societies.$

(c) Assistance for meeting part of the establishment charges will be admissible for apex societies set up after September 1955.*

14. *Marketing; Depots/Emporia and Mobile vans.*—(a) Marketing within and outside the States (except marketing in foreign countries) should be left to State Governments and co-operative societies.*

(b) Grants may be paid from the Cess Fund for meeting the expenses incurred by State Governments and co-operative societies for setting up marketing depots or emporia within the Sates subject to an average of Rs. 4,000 per depot or emporium.*

(c) The recurring expenditure on such depots will be admissible as under:—&

100 per cent. for the first 2 years.

75 per cent. for the third year.

50 per cent. for the fourth year.

25 per cent. for the fifth year.

No assistance from the sixth year.

(d) One depot or emporium should cater to a minimum of 500 looms.*

(e) Mobile vans may, for all practical purposes, be treated as sales depots, but, to start with, this scheme should be undertaken only as an experimental measure in order to assess its usefulness. Provision of vans may be on the basis of one van for 75,000 looms, subject to a minimum of one van for each State which applied for grant for that purpose, provided, however, that no State which has less than 20,000 looms will be eligible for a van. Such vans may ordinarily be provided to apex societies.

(f) The non-recurring expenses in respect of vans may be provided as a grant.*

(g) The recurring expenses of the vans may be provided as a grant as mentioned in 13(c) above, subject to a reasonable maximum being stipulated by the Board's Secretariat.*

(h) Taxes payable on the vans should not be met from the Cess Fund.*

(i) The conditions under which such grants are to be made should be decided by the Boards Secretariat, but one of them should that the Board should be consulted before any van is disposed of and the sale value will be credited to the Government of India.*

(j) If any State wants to increase the number of vans from that mentioned in (e) it may do so provided the entire expenditure is met out of its funds. The Board may consider assisting the State by meeting part of the recurring expenses for one year.*

(k) In areas where there is no sales shop run by a weavers' cooperative society or State Government, multi-purpose co-operative societies and cooperative stores selling handloom cloth will be

eligible for a subsidy to cover actual expenses, subject to a maximum of Rs. 600 per annum, provided the annual sale of handloom cloth is not less than Rs. 6,000. The subsidy will be admissible only if such shops do not sell mill or powerloom cloth, and buy their stocks of handloom cloth directly from weavers' cooperative societies. The subsidy may be paid in arrears every half-year on the basis of a minimum sale of Rs. 3,000 per half-year.

15. *Jeeps.*—Assistance will be admissible from the cess fund for the purchase of jeeps or landrower for organising and supervising handloom development schemes. The running expenditure should be met by the State Governments from their own resources.@

16. *Appointment of hawkers.*—Financial assistance from the cess fund will be admissible, as a grant, for the appointment of hawkers by weavers' cooperative societies for hawking cloth from house to house and for sales at fairs, festivals and scandies and for meeting the transport and other incidental charges, the grant being limited to 50 per cent. of the actual expenditure incurred by a society or Rs. 50 per month per society, whichever is less. This assistance would be in force, initially, for a period of one year. &

17. *Marketing of Silk Handloom Fabrics.*—(a) State Governments which wish to market silk handloom fabrics woven by handloom societies or produced on handlooms under Government auspices, or by individual weavers whose fabrics are bought by co-operative societies or Government institutions, may utilise the services of the sales depots opened by them under the cess fund schemes.*

(b) If a State Government wishes to open a separate depot on its own account for marketing silk handloom fabrics only, assistance from the cess fund may be recommended on the same basis, as that applicable for inter-State or intra-State depots, provided such assistance is permissible under the law.

18. *Subsidy on sales cloth for internal consumption.*—(a) Co-operative Societies and State Emporia may be permitted to grant a rebate of anas ¾ to 1½ in a rupee or retail sales made by them of the value of Re. 1/- and above. Consumers' Cooperative Societies and multi-purpose co-operative societies may also be permitted to grant rebate at the same rate on retail sales of handloom cloth purchased by them from weavers' cooperative societies, provided that they do not deal in mill-made or powerloom cloth. The State concerned will assume full responsibility for introducing necessary administrative and audit checks to ensure the correctness of claims in respect of this rebate for the depots, emporia or co-operative societies concerned.&

(b) The discretion as regards the rates of subsidy, and the varieties to which a higher or lower subsidy may apply, may rest with the State Governments.*

(c) The rebate thus given should be reimbursed from the cess fund as an outright grant.*

(d) The sanction of the subsidy will be subject to the required schemes being submitted by the State Governments on condition that such contribution from the cess fund plus assistance given for all other approved schemes will not exceed the ceiling grants to which each State is entitled from the cess fund.*

(e) In respect of sales of handloom cloth produced in one State, but sold in another State through a co-operative Society or Government emporium, such sales may be subsidised not only by the grant of the rebate, as proposed above, but also the extent of the packing and transport charges from the consignor to the consignee.&

(f) As the proposal in (a) above will leave out a large number of weavers who are not in the co-operative fold, the State Governments may suggest a scheme for the creation of an alternative organisation which will buy and sell handloom cloth. If the Board is convinced about the soundness and utility of such organisation, and subsidy proposed for co-operative societies may be given to such organisation also.&

(g) Pursuant to the condition in (f) above, the rebate will be admissible on retail sales made by any co-operative society or State owned depot or fair price shop run by a State Government on handloom cloth bought from individual producers (irrespective of whether they are members of any weavers' co-operative society or not) or from weavers' co-operative societies. *(The scheme of rebate applicable to fair price shops has been discontinued with effect from 1st February 1956).

(h) A rebate at a rate not exceeding one and a half annas in the rupee may be paid on wholesale sales of handloom cloth made by cooperative organisations or State depots. This rebate should be subject to such safe guards as may be necessary.*

(i) The rebate will be admissible on sales of cotton cloth only, and not art-silk cloth and woollen cloth. For this purpose cotton cloth is defined as cloth woven purely of cotton yarn. The utilisation of any other yarn in borders and headings of varieties of cloth like dhoties, sarees etc., will, however, be permissible and such cloth will still be considered as cotton cloth. Cotton cloth involving the use of art-silk yarn in the body for designs such as

check patterns, stripes, etc., will also be eligible for rebate, provided that the price of such cloth, prior to the grant of rebate, does not exceed Rs. 2/8/- per yard.*

(j) The rebate will be admissible on (a) all non-cotton handloom fabrics and (b) all mixed handloom fabrics, both upto a price of Rs. 3/- per yard.

(k) The rebate will not be admissible to weavers on the value of standard quality goods produced by them as not only the scheme objectionable in principle but that it would give rise to several disputes and complications.*

(l) The rebate will be admissible on sales of silk handloom fabrics.@

19. *Subsidy on sales of handloom cloth for export.*—(a) A rebate at a rate not exceeding one anna per rupee may be sanctioned on sales of handloom cloth for export.

(b) This rebate will be admissible only to:—

(i) Cooperatives or State Trading Organisations on sales or export of handloom cloth purchased from cooperative societies; and

(ii) Co-operative societies exporting handloom cloth direct.

20. *Supply of looms and accessories to weavers.*—(i) *Conversion of looms.*—(a) State Governments may encourage the conversion of throw-shuttle looms to fly-shuttle looms. The entire cost of such conversion will be paid as a grant, subject to a ceiling of Rs. 250/- per loom.*

(b) Pit looms should be changed over as early as possible to frame fly-shuttle looms.*

(c) Grants will be admissible for the supply for experimental purposes, of frame fly-shuttle looms for wool weaving, such grants being sanctioned for not more than 20 looms for each State and limited to a ceiling of Rs. 250/- per loom.

(ii) *Provision of take-up motion.*—The introduction of take-up motion attachment to fly-shuttle looms may be encouraged. The expenses therefor will be met from the cess fund, as a grant, subject to a ceiling of Rs. 70/- per loom (for the lever, roller, beams, etc.). *&

(iii) *Warping Frames (for the type required by Saurashtra).*—(a) Financial assistance from the cess fund will be admissible for the provision of warping frames.*

(b) Wherever there is a concentration of looms, one warping frame should be equated with 12 looms so that the maximum possible benefit may be taken out of such frame. Wherever there is no such concentration, a frame may have to be made available, irrespective of the number of looms.*

(c) The assistance from the cess fund should be in the nature of an outright grant.*

(iv) *Slays.*—(a) Financial assistance from the cess fund will be admissible for the provision of slays.*&

(b) The following amounts are reasonable for slays:

Rs. 50 each if the slay is required with cloth roller, warp beam, etc.*

Rs. 30 each if the slay is required with cloth roller only.

Rs. 25 each if the slay only is required.*

(c) Only reasonable number of slays should be sanctioned during a year.*

(d) The assistance from the cess fund should be in the form of grant.*

(v) *Looms fitted with Jacquards.*—(a) Proposals for limited number of looms with Jacquards may be sanctioned.*

(b) Rs. 300 for a loom fitted with Jacquards is adequate.*

(c) The assistance to be given should be 50 per cent. as loan and 50 per cent. as grant.*

(vi) *Self-leasing vertical warping machines.*—(a) Rs. 500 for a self-leasing vertical warping machine is reasonable.*

(b) This amount may be sanctioned as grant.*

(c) States should not go in for a large number of such machines. Proposals for a smaller number may be.

(vii) *Cross border dobby.*—(a) Rs. 50 per cross border dobby is adequate.*&

(b) This amount should be sanctioned as a grant.*

(viii) *Iron reeds.*—(a) A grant for the supply of (i) iron reeds and (ii) bamboo and cholam reeds will be admissible at actual cost, subject to a maximum of Rs. 20 and Rs. 10 per reed, respectively.*&

(b) The reeds should remain the property of co-operative societies for the use of their members.*

Note:—The average life of a bamboo cholam reed is estimated at 5 years.

(ix) *Warping beams.*—No assistance will be admissible for warping beams of long warps as they do not constitute and distinctive improvement.*

(x) *Warping Drums.*—Supply of warping drums to primary co-operative societies for the preparation of long warp may be subsidised by grants to the extent of three-fourths of the actual cost of each drum.*

(xi) *Varnished healds.*—For the supply of varnished and wire healds, a grant at the rate of Rs. 20 per cent. may be sanctioned.* &

(xii) *Drop Boxes to existing slays.*—Financial assistance for the provision of drop boxes will be admissable subject to a maximum of Rs. 8 each.* &

(xiii) *Roller temples.*—Grants will be admissible for the supply of roller temples to looms fitted with take-up motion attachments.*

(xiv) *Heald Staves.*—Grants will be admissible for the supply of heald staves.

21. *Inter-State Sales Depots.*—(a) In respect of depots started by State Governments during 1953-54 and subsequently, a grant of an amount not exceeding Rs. 15,000 per year subject to actuals may be given for each new depot. The recurring expenditure will be met as mentioned in 13(c) above.*

(b) Sanction for new inter-State depots should issue provided it is ascertained beforehand (i) that the All India Handloom Fabrics Marketing Co-operative Society does not propose to open a depot in the city or town concerned and (ii) that the State Government within whose jurisdiction the city or town concerned falls has no objection to an inter-State depot being opened. The responsibility for ascertaining these will rest with the State Government which sponsers opening of the inter-State depots.*

22. *Central depots.*—Central depots started for stocking handloom cloth and feeding the sales depots run by State Governments or apex societies will be eligible for a grant of Rs. 6,000 per depot. The recurring expenditure will be met as mentioned in 13(c) above.*

23. *Depots in big cities.*—Grants for depots in big cities will be admissible as under:—@

(a) In cities having a population of—	Rs.
(1) above one lakh but below two lakhs:	6,000
(2) above two lakhs but below four lakhs:	8,000
(3) Four lakhs and above:	10,000

(b) In State Capital even if the population is below one lakh 6,000

The grants will not be admissible for more than one shop in one city, and only those shops started after the 1st April, 1956 will be eligible for this assistance.

24. *Running expenses for Production Societies.*—(a) Each new production-*cum*-sale society registered as such in 1953-54 and subsequently may be paid subsidies as grants towards its running expenses on the scale shown below:

Societies with less than 50 looms	—	Nil
Societies having 50 to 99 looms	—	Rs. 50 per month
Societies having 100 and more looms	—	Rs. 100 per month

Grants (on the above scale towards working expenses may be given for a period of 3 years from 1954-55. If, at the end of 3 years a society has not built itself into a position whereby it can work without the subsidy for running expense, it should be held to be a failure and should not be subsidised or assisted further.

(b) Yarn distribution societies registering prior to 1953-54 and which have converted themselves into production-*cum*-sales societies in 1953-54 and later should be deemed to be production-*cum*-sales societies registered in 1953-54 and later, and eligible for running expenses on the scale and basis mentioned in (a) above.

(c) Production-*cum*-sales societies registered prior to 1953-54 and which have worked at a loss exceeding Rs. 1,000 each as disclosed by their final audit reports in the previous year should be eligible for running expenses on the same scale and basis mentioned in (a) above, such subsidy to be paid for a period of three years or till they recoup their losses, whichever is earlier. The societies which would qualify for this subsidy should be recommended to the State Governments for the Registrars of Co-operative Societies on the basis of audit reports.

25. *Purchase of samples from Weavers' Co-operative Societies.*— Assistance by way of grants will be admissible to subsidise partially the purchase of representative samples of various handloom textiles produced by weavers' societies for supply to prospective customers as the supply of such samples is essential to build up business in handloom fabrics.*

26. *Publicity and Propaganda.*—Each individual scheme may be examined on merits. Any assistance in this behalf should be in the form of a grant.

27. *Collection of Statistics.*—Expenditure on the collection of statistics pertaining to the handloom industry may be met from the cess fund by way of grant.*

28. *Semi-automatic looms.*—(a) Proposals for the installation of a small number of semi-automatic looms as an experimental measure may be considered.*

(b) Assistance to be sanctioned from the cess fund will be by way of grant.*

Note:—(It is considered that the State Governments should go slow with the introduction of these looms).

29. *Godowns for storage of yarn.*—Schemes of this nature would have to be postponed for more propitious times. Meanwhile, the central depots which are sanctioned could, wherever possible, be made use of for the storage of yarn.*

30. *Dye-houses, Mobile, dyeing units etc.*—(a) No general principles need be laid down, but each individual scheme should be examined on merits.*

(b) The non-recurring expenses may be met as a grant and the recurring expenses will be met as mentioned in 13(c) above. The cost of land and building, wherever necessary, will not be met from the cess fund as it is not desirable to fritter away the fund in acquiring land and building at the present high costs.*

31. *Pattern Making Factories.*—(a) Individual schemes may be examined on merits. The recruiting expenditure will be met as mentioned in 13(c) above. No financial assistance will be admissible for starting factories in the form of model weaving units attached to primary weavers' co-operative societies.*

(b) No new pattern making factory should be sanctioned for States to which one or more factories have already been sanctioned by the Government of India. No assistance should be given for the expansion of pattern making factories already sanctioned but assistance for the provision of improved appliances should be recommended on merits.

32. *Training of weavers.*—Training of weavers should primarily be the responsibility of the State Governments and the expenses must be met from their own resources. Exceptions in deserving cases may be made.*

33. *Training of employees of Apex and Primary Weavers' Co-operative Societies.*—Assistance by way of grants from the cess fund should be admissible for training of employees of apex and

primary weavers' co-operative societies subject to the following conditions:—&

(a) The training should be confined to staff already employed in and proposed to be employed by primary and apex societies;

(b) The period of training should be 3 to 6 months;

(c) Not more than two persons should be trained by a primary or each unit of an apex society; and

(d) The syllabus for training should be drawn up by the State Governments concerned, but it should include management, accounts, salesmanship, cooperation, etc.

34. *Training in Salesmanship for employees of sales depots.*—Financial assistance as a grant will be admissible for conducting classes in salesmanship of employees of sales depots, to the extent of the pay and allowances of a lecturer and peon, travelling allowances and contingencies. &

35. *Training of supervisory staff in technical aspects of handloom industry.*—A grant for 50 per cent of the expenditure will be admissible provided the other 50 per cent is met by the State Government.

36. *Deputation of weavers to weaving centres within and outside State.*—Financial assistance will be admissible for the deputation of weavers to weaving centres both within and outside a State to the extent of 50% of the expenditure, subject to a maximum of Rs. 100 per weaver, the balance being met either by the weavers or by the societies concerned.*

37. *District Handloom Weavers' Co-operative Federations.*—Financial assistance for the setting up of District Handloom Weavers Co-operative Federations will be admissible as such Federations are a new type of co-operative activity and are worth a trial. @

38. *Inspection, Stamping etc.*—Quality control is approved in principle and each scheme should be examined on merits.*

39. *Testing Laboratories.*—These laboratories need not be encouraged. It is not intended that the cess fund should be utilised for this purpose.*

40. *Printing plants.*—In view of the fact that resort to printing by mechanical equipment is likely to throw hand-printers out of employment, the setting up of printing plants should not be encouraged.*

41. *Subsidy on transport and overheads on yarn.*—There is no

need to stimulate production and, as far as possible, the stimulus should be for consumption. Principles have already been laid down for stimulating sales. As a general principle, therefore, transport and overhead charges on yarn would not be subsidised from the cess fund, except in cases like Assam where, owing to the distance from the producing centres of yarn or due to lack of proper communications and transport facilities, transport charges are unduly heavy. In such cases, individual schemes are to be examined on merits.*

42. *Subsidy on Stores.*—No assistance should be given from the cess fund for subsidising purchase of stores.*

43. *Preparatory and processing machines Sizing.*—Centralised sizing should not be encouraged as no economic advantage will accrue from such centralisation.*

44. *Payment of commission on orders of handloom fabrics booked and executed by commercial travellers.*—Financial assistance will be admissible for the payment of a commission on sales through commercial travellers, such commission being admissible on orders booked beyond Rs. 50,000/- per year.@

45. *Supply of press machines.*—Financial assistance will be admissible for the purchase of press machines, irrespective of whether the machines were required for pressing cloth in small lots or in bales as the utilisation of such machines would make the finish of the cloth more attractive and thus increase its saleability. Such machines will remain the property of weavers' co-operative societies and be made available to weavers for pressing cloth.*

46. *Purchase of push-carts for the sale of handloom cloth.*—Financial assistance will be admissible for the purchase of push-carts for the sale of handloom cloth provided the cost is reasonable.*

47. *Construction of officer building for primary weavers' societies.*—No financial assistance will be admissible for the construction of officer buildings for primary societies. Societies which wish to construct office buildings must finance the cost from their reserves or building fund with the approval of the State Government concerned.*

48. *Supply of yarn by apex societies to primary weavers cooperative societies at market rates.*—Financial assistance will be admissible to meet 50% of the loss, if any, incurred by an apex society by having to supply yarn at market rates to primary weavers' co-operative societies.&

49. *Acquiring land for the preparation for warps by weavers.*—Financial assistance will be admissible as a grant for the acquisition of land for warping and sizing provided 25% of the cost thereof was met by the society, the balance 75% being provided from the cess fund. The land so acquired should remain the property of the Society and be available for members for warping and sizing operations.

GRANTS/LOANS

50. *Research (equipment therefor), designs, award of prizes for designs, etc.*—(a) States which have a concentration of the handloom industry may be given assistance from the cess fund to set up research Institutes for designing, bleaching, dyeing, etc.*

(b) The cost of land and building, provided it is reasonable, will be admissible as a loan. The other non-recurring expenditure on such schemes may be sanctioned as a grant for the first year; for the second and subsequent years, 50 per cent of the recurring expenditure may be met from the cess fund, the balance to be met by the States from their own resources.

(c) Schemes for award of prizes, etc. may be examined on merits.*

51. *Finishing Plants.*—(a) Each scheme should be examined on merits, *i.e.*, on the suitability of Fabrics produced in a locality for finishing, etc.*

(b) Assistance from the cess fund for the setting up of finishing plants should be 50 per cent as grant and 50 per cent as loan in respect of non-recurring expenditure.

(c) Recurring expenditure may be met as a grant for one year.&

(d) Finishing plants should not be provided with winding, warping and sizing equipments.*

(e) No State should be assisted to have more than one finishing plant to start with. However, in addition to one finishing plant being set up entirely from aid out of the cess fund, financial assistance will be admissible for setting up additional plants provided weavers' co-operative societies or processing societies formed by weavers' co-operative societies came forward with proposals to meet 25% of the cost of setting up finishing plants and satisfy the State Governments that they have kept separately the amount so required in liquid form, the remaining 75% of the expenditure being met from the cess fund, half as grant and half as loan.*

(f) For the setting up of calendering plants, assistance from the cess fund for the purchase of land or construction of buildings will be admissible in the form of long-term loan, bearing a nominal rate

of interest provided that the amount of loan asked for is reasonable in relation to the total cost of the scheme.*

52. *Interest on loans advanced by Apex Banks to Co-operative Societies.*—A question was raised whether interest paid by cooperatives to Apex Banks on their borrowing would be subsidised from the cess fund. The Chairman said that it would be advisable to adopt the general principle that the cess fund should not be made use of for such indirect purposes, and that, at any rate, the States should take into consideration the limitation of expenses on the several schemes of assistance to the amount available to each State as its share of the cess fund.*

53. *Assistance to handloom weavers in small factories as in (Malabar).*—(a) Financial assistance may be granted to handloom factories provided such factories convert themselves into cooperative societies or industrial cooperatives where the ownership of the looms is transferred to weavers.

(b) No proposal for the formation of new factories of handloom weavers should be entertained.

54. *Housing colonies of weavers.*—(a) Assistance from the cess fund may be provided for the construction of housing colonies for handlooms weavers under co-operative societies.

(b) A ceiling of Rs. 5,000 (including cost of land) or the actual cost incurred, whichever be less, for each house should be the standard for such assistance.

(c) An outright grant of not less than 33⅓ per cent and a loan of 50 per cent of the actual cost of Rs. 5,000 which is less, may be sanctioned from the cess fund. The balance should be provided by the weavers from their own resources. The loan should be interest-free. If, however, interest has to be charged, it should not exceed 1½ per cent.

(d) As far as possible, there should be a uniform pattern of the houses to be provided for the weavers all over the country. For this purpose, the pattern of the Yemmiganur Housing Colony may be adopted.*

(e) The State Governments should ensure that housing schemes are sponsored only on behalf of well-established weavers' co-operative societies, with good financial strength and whose affairs have consistently been managed satisfactorily.*

(f) Only such weaver-members of the society who genuinely stand in need of housing should be made eligible for assistance.*

55. *Experimental weaving centres as part of housing colonies.*—(a) Assistance will be admissible from the cess fund for the land and buildings required for experimental weaving centres on the same basis as for the construction of houses for weavers.

(b) Assistance required for equipment will be admissible as a grant.

(c) Recurring expenditure will be admissible as a grant on the following scale:—

100 per cent for the first year.
75 per cent for the second year.
50 per cent for the third year.
25 per cent for the fourth year.
No assistance from the fifth year.

56. *Dye houses as part of housing colonies.*—Financial assistance from the cess fund should be admissible for putting up large size dye-houses as part of the housing colonies of weavers, generally on the following lines:

(i) Non-recurring expenditure to be met 50 per cent as grant and 50 per cent as loan.

(ii) Recurring expenditure to be met as a grant for one year.

(iii) Cost of the required land and buildings to be met as for housing schemes, *viz.*, 50 per cent as loan and 33.1/3 per cent as grant.

(iv) Such large-size dye houses can be set up only in colonies having a minimum of 50 houses and not less than 500 looms in the society concerned.

57. *Printing factories as part of housing colonies of weavers.*—Whenever housing colonies of weavers have been set up with aid from cess fund, there will be no objection to printing factories also being set up as part of such colonies. The cost of land and buildings required for the printing factories should be met as for housing schemes, *viz.*, 50 per cent as loan, 33 1/3 per cent as grant. The other items of expenditure should be recommended on the merit of the scheme. $

58. *Cooperative Spinning Mills.*—(a) The minimum spindleage for a mill should be 12,000.

(b) Subscription to share capital of the mill should be thrown open to:—

(i) primary weavers' cooperative societies and apex weavers' co-operative societies;

(ii) any other cooperative societies registered under the Cooperative Societies' Act in force; and

(iii) individuals, preferably cotton growers and handloom weavers, subject to the condition that no more than 33½ per cent. of the issued capital will be contributed by the individuals mentioned in (iii).

(c) There should be 3 classes of shares, A, B and C. The value of a B class share being higher than the A class share and the value of a C class share being higher than B class share. Primary and apex weavers' cooperative societies should be eligible to subscribe to a A class share, other cooperative societies to B class share and individuals to C class share.

(d) A Cooperative Spinning mill which has collected a minimum of Rs. 10 lakhs as paid up share capital will be eligible for financial assistance from Government and as soon as the mill has collected this minimum share capital (not less than the amount so collected), will be contributed by Government as share capital.

(e) The bye-laws of the Mill should provide for all yarn to be made available to weavers' cooperative societies. Yarn should be sold in the market only if the cooperative societies are unable to consume it.

(f) The mills should obtain funds required for machinery and working capital from Finance Corporations, Co-operative Banks and/or Cess Fund.

(g) The Board of Directors of the mills should be so constituted as to ensure that control of the affairs rests with representatives of Government and weavers' cooperative societies.

(h) The bye-laws should provide for the ultimate redemption by Weavers' Co-operative Societies, of shares subscribed to by individuals.

59. *General.*—(a) The States should draw up a list of priorities for the development of the handloom industry and apply the funds for orderly development.*

(b) All grants/loans/subsidies, etc. will cumulatively be subject to the limit of the share due to each State from the cess fund.*

(c) The conditions governing grants/loans should be finalised by the Board Secretariat in consultation with Finance and the prior approval of the Chairman, and then circulated to States.*

General principles marked '&' have been accepted by the Government of India in a modified form as indicated below:—

General Principle No.	*Modified form accepted by the Govt. of India.*
1(c)	The Government of India have agreed to this as modified below:— (*i*) For weavers joining EXISTING Cooperative Societies, a loan up to 100 per cent. of the share value may be advanced from the cess funds. (*ii*) For weavers joining NEW Cooperative Societies a loan up to a maximum of 87 1/2 per cent. of the share value may be advanced from the cess fund, provided the value of the share is Rs. 20 and above. The balance of 12½ per cent. should be contributed by the weavers themselves. Where the share value is less than 20, 25 per cent. of the share value should be contributed by the weavers and 75 per cent. may be advanced as a loan from the cess fund. (*iii*) These decisions will not have retrospective effect but will apply from 1955-56 onwards. (Circular No. HB/10-55/2435, dt. 16-5-1955).
2(b)	The Government of India have agreed to this as modified below:— Loans to primary societies in respect of looms already in the cooperative fold (*i.e.* old looms) are admissible at Rs. 300/- per loom; but these loans will be subject to the following conditions.— (*a*) that the societies receiving loans and had accumulated losses during the 3 years ending 30th June 1954; (*b*) that the losses referred to in item (a) were not due to in efficient performance or dishonesty on the part of the management or some other similar factors; and (*c*) that the societies have at least their share capital in tact; (*d*) loans at the rate of Rs. 300/- per loom in respect of new looms to be brought under the cooperative fold cannot be given retrospective effect. That is to say, no additional amounts can be sanctioned to raise the working capital loans to Rs. 300 in cases where a lesser rate was in force before the enhancement of the rate. The rate of Rs. 300/- per loom will thus apply only for looms to be brought under the cooperative fold after the date of enhancement on the basis of schemes sanctioned after the said date. [Circular letter No. HB/10-56 (POL)/B/790 dated 22-1-1957].
2(c)	The Government of India have agreed to sanction loans upto Rs. 500/- per loom. The question of enhancing this limit to Rs. 1,000/- is under their consideration.
4	The Government of India have agreed to sanction loans to central societies for marketing upto 10 times their paid up share capital plus reserve fund (and building) fund provided it is liquid and available

reduced by accumulated losses or upto the overall borrowing limit fixed in the bye-laws of the society whichever is less. Interest will be payable on these loans after a period of 5 years from the date of drawal.

[Government of India's letter No. 4 (45) Tex. (C)/56 dated 10-56 and Board Secretariat's Circular Nos. HB/10-56/4107 and HB/10-56 (Pol)/B/790 dated 16-3-56 and 22-1-57. The Government of India have also stated that interest will be payable on these loans after a period of five years from the date of drawal.

(Circular No. HB/10-56/4107 dated 16th April. 1956)

The Government of India have agreed to this as under:—

The Central Government would advance loans to the State Governments who in turn would invest the funds in the shares of the Apex Societies. The quantum of these loans would vary, but normally, it would be between 33 2/3% and 51%. The terms for these loans would be the same as those for these loans adopted by the Reserve Bank for participation in the share capital of Agricultural Credit Societies which are as under:—

(*a*) Normally each loan would be for a period of twelve years, a longer period being adopted for only exceptional reasons.

(*b*) The principal should be repaid in equal instalments commencing from the third year.

(*c*) For loans to be sanctioned up to the end of March 1957, the scale of interest rates would be as follows:—

12 years:

First 2 years . . .	Nil.
Next 3 years . . .	2 per cent.
Next 4 years . . .	2 1/2 per cent.
Next 3 years . . .	3 per cent.

(above 12 years in exceptional cases)

Next 2 years . . .	3 per cent.
After 14th years . .	3 1/2 per cent.

(*d*) The State Government will not retain more than 3 per cent. of the divident and the balance would be funded with the State Apex Societies as Price Stabilization Fund.

(*e*) The repayment of the loan should be made by State Governments from their own resources.

(*f*) In participating in the share capital of the Apex Societies it will have to be kept in view that, at some stage or the other,.the question of sharing of losses would also arise, when the question of sharing such losses arises, it would be understood that they will be borne between the Central and State Governments in the same ratio as at present in the case of working capital loans to primary and Apex Societies in the Handloom Industry.

(Circular No. HB/10-56(Pol)/12818, dated 3-12-56).

10. The Government of India have agreed to this as under:—

(1) Share Capital .	2 equal annual instalments commencing from the first anniversary of the date of drawal by the State Government.
(2) Working Capital of Co-operative societies.	10 equal annual instalments to begin in two years after the date of drawal of the loan by the State Governments.
(3) Working capital of Apex Societies.	9 equal annual instalments, the first instalment to begin from the second anniversary of the date of drawal of the loan by the State Government.
(4) Working capital of sales depots, inter-state depots, mobile vans and dye house.	5 equal annual instalments, the first instalment to be on the first anniversary of the drawal of the loan by the State Government.
(5) Calendaring plants including equipments and land and building.	10 equal annual instalments, the first instalment to begin after one year from the date of drawal of the loan by the State Government.
(6) Cooperative Spinning mills.	20 equal annual instalments, the first instalment to be on the first anniversary of the date of drawal of the loan by the State Government.
(7) Housing colonies.	25 equal annual insta'ments.

[Circular Nos. HB/10-55/4274, HB/10-56/4107 and HB/10-56 (Pol)/7689 dated 25th August 1955, 16th April, 1956 and 11th July 1956 respectively].

12. The Government of India have agreed to sanction grants for organisational expenses upto 4% of the ceiling share subject to the actual expenditure incurred by the State Governments being equal to such 4% and subject to the State Governments furnishing to the Board Secretariat monthly statistics of production, sales and stocks of handloom cloth and such other statistical information as may be required from time to time.

[Circular No. HB/10-56 (Pol) 7969 dated 16th July. 1956.]

14 (c) The Government of India have agreed to the following scale of assistance:—

100 per cent. for the first year.
75 per cent. for the second year.

16. The Government of India have accepted this as an experimental measure only.

8(a) & (e) The Government of India have agreed to this, subject to the condition that the value of retail sales should be Rs. 2 and above. They have not agreed to sanction packing and transport charges in respect of inter-State sales.

20(ii), (iv), (vii), (viii), (xi), & (xii). The Government of India have agreed to this subject to the condition that a lump sum of Rs. 218 per weaver may also be given for the conversion to frame looms, the balance if any, to be found by the weaver himself.

24. The Government of India have agreed to this, subject to the following conditions:—

(1) grants will be admissible (i) @ Rs. 50/- per month for societies which have 50 to 100 looms, of which at least 50 looms are on production activity for the societies and (ii) @ Rs. 100/- per month for societies which have more than 100 looms, of which at least 100 looms are on production activity for the societies;

(2) the subsidy will be given only to the new societies registered in 1953-54 and after;

(3) the subsidy will be given only to these societies which, according to their latest balance-sheet are running at a loss exceeding Rs. 1,000/- per annual and which do not have at present adequate managerial staff; and

(4) the scheme will be limited to three years, namely 1955-56, 1956-57, and 1957-58.

[Circular No. HB/10-56 (Pol) 2914 dated 5th April, 1956.]

33. The Government of India have agreed to this, subject to the following conditions:—

(*i*) Pay and allowances of the trainees should be met by the institutions under whom they are employed —allowances will also include T.A. ;

(*ii*) An amount equivalent to the stipends to the trainees will be given as a grant from the Cess Funds;

(*iii*) The stipend will be subject to a ceiling of Rs. 45, per trainees; and

(*iv*) All expenses other than those covered by items (i) and (ii) would be shared between cess fund and the State Government in equal proportion.

(Circular No. HB/10-55/3887, dated 10th August, 1955.

34 The Government of India have agreed to this, subject to the following conditions:—

(*a*) 50 per cent. of the expenditure on training only will be met from the cess fund;

(*b*) The term "training" will include salary and allowances of a lecturer and a peon, and contingent expenditure on training;

(*c*) Expenses of the nature of salaries/stipends, and travelling allowances of the trainees should be met either from the State Governments Co-operative Societies own resources.

[Cicular No. HB/10-55(MDR)5315, dated 12th October, 1955].

40. The Government of India have agreed to the Ape- Weavers' Co-operative Societies in Madras, Andhr

Hyderabad, U.P. and Bombay trying out the experiment of selling yarn at market rates to primary weavers co-operative societies for a period upto 30-9-57. The 50% losses, if any, will be calculated on transaction at the end of the financial year and will be shared equally between the Central Government and the State Government.

31 (c). The Government of India have agreed to meet only 50 per cent of the recurring expenditure for one year, the balance to be met from State Government's or Weavers Societies own resources.

53. The Government of India have agreed to this subject to the condition that financial assistance may be extended even to the setting up of completely new industrial co-operative altogether with new looms purchased for the purpose, equipments etc.

[Circular No. HB/214-56 (Pol)IC/8849, dated 3rd August, 1956].

54 (a), (b) & (c). The Government of India have agreed to sanction financial assistance on the following basis:—

(*a*) The grant would be 33 1/3%; but the entire balance of 66 2/3% would be given as a long-term loan. In such cases, efforts should be made to bring down the cost of the house. That is to say, the cost of such houses would be between Rs. 3,000/- and Rs. 3,600/- The latter figure would be the ceiling.

(*b*) In addition to this contribution for the actual construction of the house, funds will also be provided on a loan basis for the entire expenditure on the provision of water supply, drainage lay-out of roads and other amenities.

(*c*) The loans would be on a 25 years basis and would bear the normal rates of interest as at present (4 1/2% at present).

(*d*) The handloom weavers should be urged, wherever possible, to contribute their share in free labour, which would decrease the overall cost of the house to that extent. In such case the grant and loan of 33 1/3% and 66 2/3%, respectively, would be given on the net cost of the house.

Renovation and enlargement of existing houses of weavers—

The Government of India have decided to sanction financial assistance to the extent of 33 1/3% as grant and 66 2/3% as loan, subject to an overall ceiling of Rs. 1,000/- per house, for the purpose of renovation and enlargement of existing houses of weavers, especially to accommodate the installation of frame-looms.

.. The Government of India have agreed to this as under:—

Co-operative Spinning Mills.—The principle of Government participation in the Share Capital of Co-operative Spinning Mills has been accepted. The Central Government would give loans to the State Government for this purpose and such loans would be to the extent of 51% of the subscribed share capital. The loans would bear 4 1/2% interest and should be repayable in 20 annual instalments.

[Circular No. HB/10-56 (Pol)/12818, dated 3-12-1956]

No. 26(121)Rex(C)/55.

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & CONSUMER INDUSTRIES

New Delhi, September 7, 1956.

To,

All State Governments.

Subject:—*Credit Facilities to Handloom Weavers' Co-operative Societies by the Reserve Bank of India.*

Sir,

I am directed to state that a Conference was held of the representatives of Government of India, State Governments and the Reserve Bank of India on 7th July, 1956, presided over by the Minister for Consumer Industries, to discuss the Reserve Bank Scheme for credit facilities to the Handloom Industry. The recommendations of this conference have since been received and duly examined by the Government of India and the following decisions have been reached.

(1) With effect from the 1st April, 1957, credit facilities for working capital to the weavers co-operative societies will be made available by the Reserve Bank of India, through the Apex and Co-operative Banks. The loan will be made available by the Reserve Bank at 2% interest and the Co-operative Banks would charge 3% the ultimate rate thus being 5%. It has, however, been decided that the loans should be given to the Weavers' Co-operatives only at 3% interest, and the difference between this 3% and 5% will be given as subsidy by the Central Government from the Cess Fund. The position will be reviewed for the year 1958-59 to decide whether the interest from the Weavers' Co-operatives can be raised from 3%.

(2) All State Governments should arrange to disburse working capital through the medium of Co-operative Banks. Where the State Governments are unable to set up Apex Co-operative Banks and complete other necessary

arrangements for switching on to the Reserve Bank credit, loans at the rate of 2% interest may continue to be given from the Cess Fund after the 1st April, 1957. This arrangement will remain in force upto the 30th September, 1957. In all other cases, loans from Cess Fund will cease with effect from the 1st April, 1957.

(2) In respect of Individual losses arising out of non-recovery of loans, the proposal is that the Government of India would bear 50% themselves, and the State Governments should bear 40% and the Cooperative Bank 10% of such losses. There will be an upper ceiling of 5% of the total funds disbursed to the handloom industry by the Cooperative Banks so far as the Central Government share in the loss is concerned. This arrangement would remain in force upto 1958-59 when the position would be reviewed.

(4) Interest free loans from the Cess Fund would be continued during the current financial year.

(5) The success of the scheme would depend very largely on an adequate supervision and audit of the Cooperative Societies. It is proposed therefore that requisite staff should be appointed for this purpose in consultation with the Reserve Bank. The scale of staff tentatively visualised is as below:

Audit:

1 Audi tor for every 45 primary societies (the aim should be to have one annual audit and an interim audit).

Supervision:

1 Junior Supervisor for every 10 Primary Societies.

1. Senior Supervisor for every 3 Junior Supervisors.

2 Designers for each Deputy Registrar's circle.

2 Inspectors for the apex bank, and 2 Inspectors for each Central Bank.

The expenditure on this additional staff will be met from within the 4% grant already being given for organisational expenses to State Governments. If this cannot be accommodated within that grant, the Central Government would meet 50% of such expenditure over and above this 4% ceiling.

I am directed to request that the State Governments concurrence to the above scheme may be intimated immediately and that they may take all necessary steps to obtain credit from the Reserve Bank of India as early as possible and in any case not later than the 31st March, 1957.

Yours faithfully,

(Sd.) M. S. SADASIVAN,

Under Secretary to the Govt. of India.

(Copy)

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & CONSUMER INDUSTRIES
ALL INDIA HANDLOOM BOARD

Shahibag House, Ballard
Estate, Bombay.

November 3, 1954.

No. HB/45-53/3164

To

ALL STATE GOVERNMENTS.

Sir,

SUBJECT:—*Development of Handloom Industry in Community Projects Areas and N.E.S. Blocks.*

I am directed to invite attention to circular letter No. CPA/29/54 dated 17th July, 1954, from the Community Projects Administration, New Delhi addressed to all Development Commissioners and Directors of Community Projects of all States (copy enclosed for ready reference).

The All India Handloom Board endorses the suggestion made in para 3 of that letter, *i.e.*, in respect of schemes receiving financial assistance from Cess Fund, funds by way of grants and loans should be applied to the *maximum extent possible* in areas where Community Projects and N.E.S. Blocks are located. It is also considered that *wherever feasible,* the amounts spent on Community Project areas and N.E.S. Blocks should be not less than 25% of the total allotments made to the State. This may be borne in mind while drawing up schemes for the development of handloom

industry and implementing the schemes for which amounts have been sanctioned. This may be brought specifically to the notice of the officials concerned with the development of the handloom industry in your State.

Yours faithfully,
(Sd.) A.S.E. IYER, *Secretary.*

MGIPND—6CD—22-1-58—5, 00